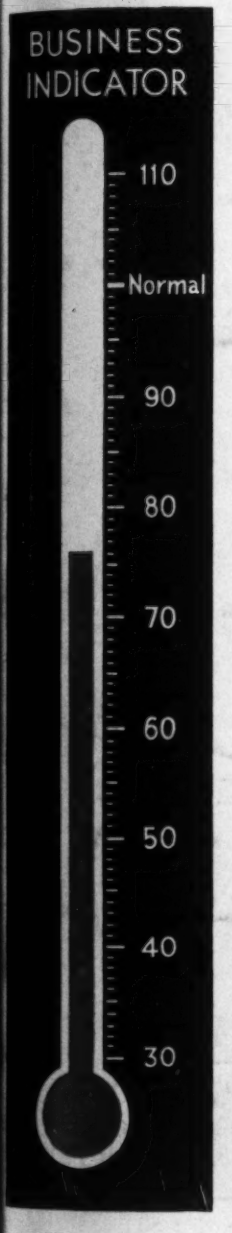
DEC 29 1930

DEC 31, 1930

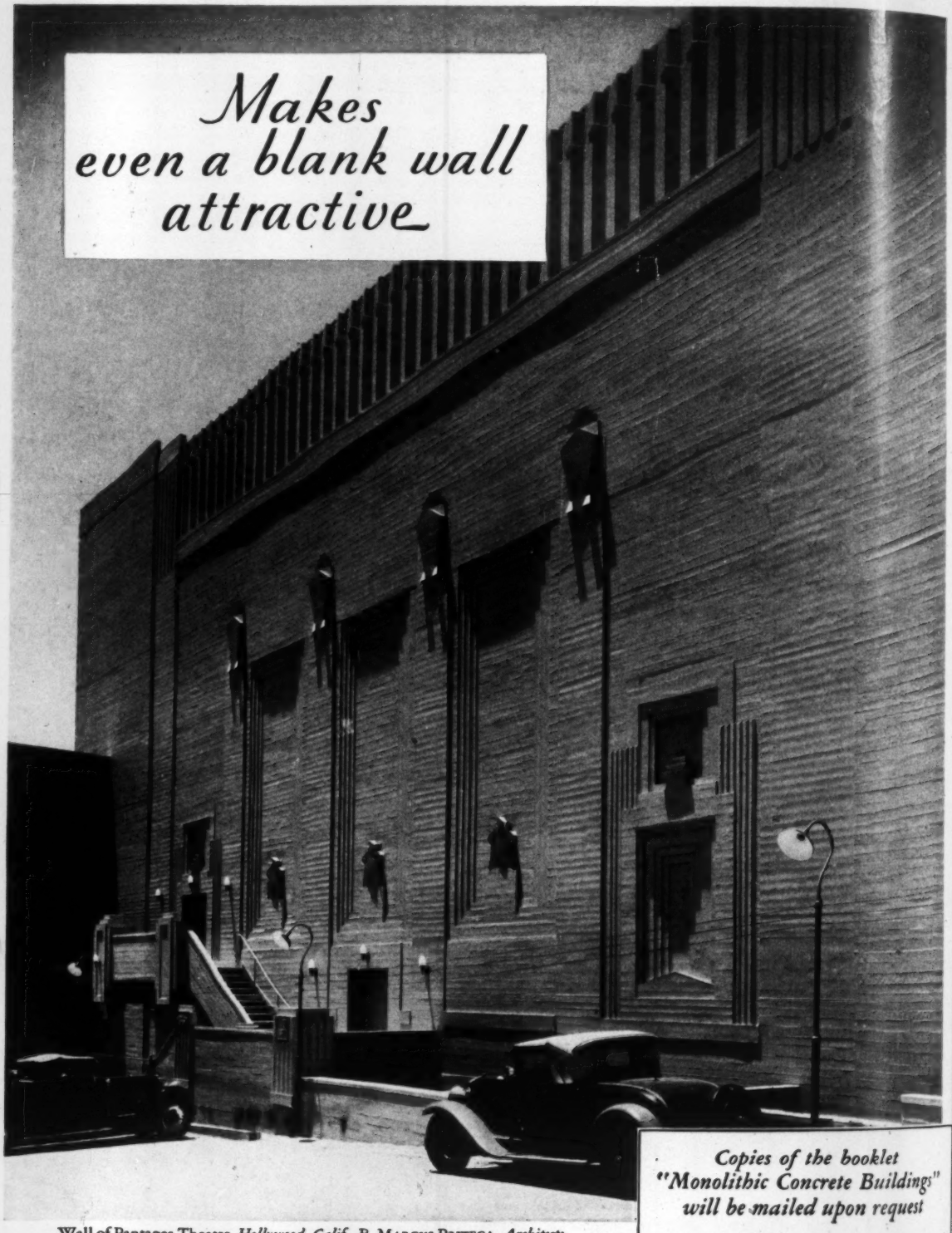
THE BUSINESS WEEK:



The statistical Santa Claus has so far pulled nothing either very surprising or very disappointing out of the Christmas pack. . . . Holiday business seems to be in fair volume, but the trade indicators are confused by abnormal shifts of currency and bank funds accompanying withdrawals of deposits and closing of banks due to popular hysteria in some sections. . . . Building contracts are holding up surprisingly well for the season. Merchandise carloadings also are declining more slowly than usual at this period. . . . Industrial activity is slackening rapidly, as it usually does in the last two weeks of the year, with holiday and inventory shut-downs; but a fair amount of forward buying of steel and copper at firm prices strengthens the promise of a first of the year upturn. . . . Our index remains practically unchanged for the week ended December 20, at about 76% of normal. The return of strength to the bond market is the most encouraging event of the past week. The cut in the rediscount rate is a noble holiday gesture, but hardly the Christmas present the world needs and hoped for. Rumors that the Federal Reserve is planning larger security purchases are ringing down the wind like distant sleighbells; but it's harder to believe in Santa Claus this year. . . . If the old boy makes good in this line after all the letters we've written him about it, we'll confidently be able to wish you a Happy New Year.

15 CENTS McGRAW-HILL PUBLISHING CO., INC.

MONOLITHIC CONCRETE



Wall of Pantages Theatre, *Hollywood, Calif.*, B. MARCUS PRITECA, *Architect;*
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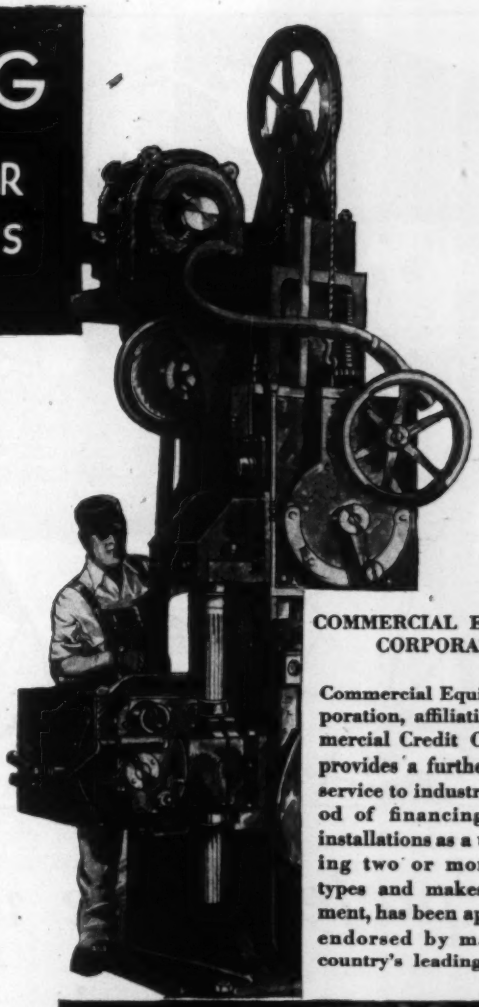
FINANCING

• SINGLE UNITS OR COMPLETE PLANTS



WHY tie-up needed working capital or established credit lines in order to replace obsolete or worn-out machinery and equipment?

Commercial Credit Service can be used to buy a single unit or a complete plant—without disturbing capital structure—on a basis whereby effected savings provide the means for payment.

Let us tell you more about Commercial Credit Service now!

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Give us full information, without obligation, about Commercial Credit Plans.

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If you prefer Noise *with your work* why not have it *Musical?*

It is said that the stars of Movieland do their best work when inspired by the strains of appropriate music. But who ever heard of a sale closed to music? Or a conference conducted to the strains of Mendelssohn's Spring Song?

All noise is disturbing in business. And of all distracting office noises, the commonest and costliest is typewriter din . . . that incessant clatter that drowns out the telephone caller . . . plagues the thinker . . . disturbs discussion . . . slows up the typist, and raises the whole pitch of the office to a thought-destroying hubbub.

There are two types of men who tolerate typewriter din. The man who, for some strange reason, endures it; and the man who has not yet had the fortune to know the REMINGTON NOISELESS typewriter. To the latter this advertisement is addressed.

We want him to know that besides doing its job with utter noiselessness, the REMINGTON NOISELESS is a *better* typewriter. That the very precision of design that makes it *noiseless* . . . also makes it a finer writing machine. Producing cleaner-cut, more exactly aligned letters. Sharper, more legible carbons. Clearer, die-cut stencils. That its new principle of design, substituting a pressure-stroke in place of a hammer-blow, not only makes it faster, but easier on the operator.

A telephone call will bring a REMINGTON NOISELESS to his office for a demonstration . . . one of the most profitable half hours he has ever invested. Remington Rand Business Service, Inc., Typewriter Division, Buffalo, N. Y. Sales offices in all leading cities.

Remington Noiseless

IT TAKES THE *Bedlam* OUT OF BUSINESS

What's In This Issue —And Why

1931

BUSINESS will be better in 1931; will soon start the upturn; will slowly climb to higher levels. *(page 29)*

Law Mills

LEGISLATURES of 44 states meet in 1931, most of them soon. *The Business Week* presents a study of the legislation affecting business to be expected in each. *(page 5)*

$1 Books

THREE publishers experimented with $1 books; two drop the idea. The third continues, draws several interesting observations on American book-buying habits. *(page 10)*

Delco Heat

GENERAL Motors continues to diversify; will market an oil burner. *(page 10)*

For Better Grocers

C. M. CHESTER, JR., discusses General Foods, its policies, its outlook; explains how 700 salesmen are trained to help the retailer. *(page 11)*

Cafeteria Drugs

SEATTLE has a novel drug store, where you wait on yourself. *(page 12)*

Battle of the Tubs

WASHING machine manufacturers line up for battle, the crisis precipitated by announcement of a machine at a new price level. *(page 13)*

Catalogues

SEARS, ROEBUCK and Montgomery Ward issue their winter "flyer" catalogues; emphasize sharp reductions of prices in many lines. *(page 9)*

Building and Loan

JAN. 3, 1831, the first building and loan association was organized in Frankford, Pa.; at the centennial, 12,000 of them have $8 billions—but the next 100 years will be harder. *(page 14)*

Life Insurance

SALES of life insurance for November were lowest for the year—but it's been a good year. *(page 15)*

The Cosmopolitan Dollar

GROWTH of the use of bankers' acceptances is noteworthy; the dollar is replacing foreign currencies in world trade. *(page 15)*

N.A.C.C.

PERHAPS the model of all trade associations is the one that serves the energetic automobile industry. *(page 18)*

Cheaper Travel

NORTH Atlantic lines hope lower fares will entice travellers, who were 30,000 fewer this year. *(page 19)*

Gas-Glow

PERHAPS the neon light will spread from the signboard into your home. Scientific kinks are being ironed out; economic kinks may prove tougher. *(page 22)*

Cotton Belt Buses

TRUCK, bus, and rail services are coordinated by the Cotton Belt railroad into a harmonious whole. *(page 23)*

170 Little Shavers

GERMANY'S 170 small independent razor blade manufacturers have banded together to compete with Gillette—and what troubles they see! *(page 24)*

Aviation

LEADERS of the industry look ahead to the 1931 market for planes and motors. *(page 34)*

HELPING RAISE A FAMILY of 30,000,000 CHILDREN

is a service of your light and power company

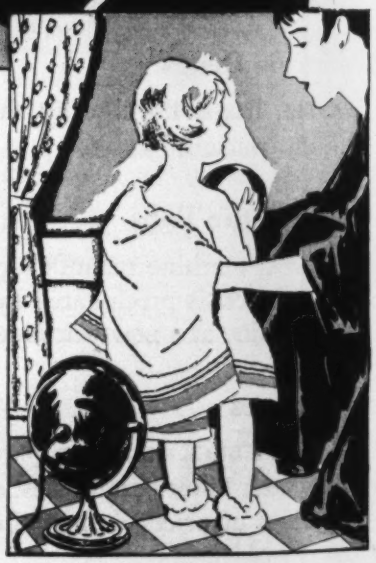
WHEN babies cry in the dead of night, when children must be fed, bathed, dressed, when there is home work to be done or mother's companionship is craved . . . the first demand is for electric service company aid.

And that demand is always met. For hundreds of thousands of dollars are spent every year to assure continuous, unbroken electric service in the busiest hours of day and the quietest hours of night.

Clear, glowing light is so readily available that home lessons come easier and eyes do not suffer. Little bodies thrive on food kept fresh by electric refrigeration and made nourishing by electric cooking. Artificial sunlight on dark days, instant warmth on cool ones, are other vital helps unknown in pre-electric days. And by relieving mothers of their heaviest and most confining household tasks, electric appliances are giving them new leisure to devote to their children.

But back of every electric service is the unceasing effort of the light and power companies to give the utmost at the lowest possible cost. Although the price of most other items in the household budget is higher, you can actually buy electricity at less than pre-war levels.

Working side by side with the light and power industry, Westinghouse devotes its vast resources to perfecting the electrical equipment that plays so essential a part in helping raise the nation's great family of more than thirty million children.



Westinghouse Electrification — Appliances — Apparatus — Wiring

Westinghouse

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending December 27, 1930

44 Legislatures Meet in 1931, Mostly to Plan New Taxes

Chain Store Regulation and Business Depression Panaceas Also in Lawmakers' Minds

WITH the legislatures of 44 states scheduled to meet in 1931 (most biennial sessions convene in the odd years) business enterprise, large and small, faces a formidable array of new legislation. The new year's crop of bills will be swollen by the business depression which has cut state revenues and so necessitated new methods of raising funds; which has brought an insistent demand for action—which means expenditure—to relieve the consequent unemployment and help business.

Many Panaceas Offered

For many a state, increased taxes are a certainty. In some states, legislative and executive committees have already reported new tax recommendations; in all of them politicians are prepared to step forward with pet taxing schemes, with private panaceas for business depression.

The Business Week has undertaken a carefully checked survey of those legislative proposals affecting business which are due to come before the various state legislatures. From the table on the next page can be read the trends of such legislation in 1931 in those states whose programs have been developed far enough to permit their being charted in this way.

Minnesota Is Astir

Proposals for new laws are most numerous, furthest developed, in the states which have felt the depression hardest. Minnesota, suffering with the whole Northwestern wheat area, leads in the count on all groups of legislation classified in the table. North Carolina, hit in the industrial belt by the decline in textiles, in its agricultural areas by low prices on cotton, reports new legislation scheduled in every major group except income taxes. Proposals affecting agriculture are concentrated in the Mid-Western drought territory; plans to aid unemployment by legislation in the Central West and Atlantic Coast states, which account for over 80% of the country's manufacturing capacity.

Income Taxes

Especially emphatic is the trend toward income tax legislation. Taxation based on alleged ability to pay is to be the general keynote of the 1931 programs. Progressive or radical—call it what you will—tendencies are more evident; the theory that wealth and large incomes should pay more than they have is going to be preached in the legislative halls all year.

Supporting and accompanying this will come the demand that real property be relieved of what is called an excessive burden of taxation. This demand is being made extremely vocal by several national and numerous state organizations. They take their stand on the ground that most state taxation systems were built when real estate was the chief and almost the only form of property; that the intangibles which now constitute a large part of our wealth are not carrying their share of the burden.

21 States Likely

So there is to be strong legislative support for the imposition of a state income tax in states that now have none, for an increase in the rates of state income taxes already existing. *The Business Week's* legislative survey discloses that in at least 21 states such action is likely to receive serious consideration. In several, it has been recommended by official committees after extended tax studies. Almost without exception, proponents would place the tax both on corporations and individuals, would tax individual incomes exempt from federal income taxation.

Taxes on various forms of intangible property will be considered in at least 8 states. These are intended to get at securities of nearly all types, and at money.

Sales taxation is being considered in several states, as indicated in the table and in the analysis of specific state programs which follows. But it will be far from smooth going for the proponents of this type of tax. West Virginia's 8-year-old sales tax has disappointed. So has Pennsylvania's. In both states this tax has yielded less than 1% of annual revenue. Ohio has definitely decided against such legislation on the strength of the experience in these states. Several states which are not interested in general sales taxes, propose such taxes on specific commodities: Idaho on tobacco; Illinois and Indiana on cigarettes, tobacco, certain luxuries; Minnesota and North Carolina on soft drinks, cosmetics.

Chain Bills, As Usual

Chain legislation will be on tap as usual. One authority states that 80 bills containing various anti-chain provisions are ready for presentation in 29 state legislatures and the Congress at Washington. But, though chain legislation is popular in many states, legislators find that the discriminatory provisions included in almost every bill make it difficult of enforcement, though they keep on trying.

Public utilities, buses and trucks and gasoline may be called upon to contribute more money than at present to the coffers of several states. Luxury taxes, largely on tobacco, possibly on cosmetics, etc., will be considered in at least 5 states.

In at least 8 states the desire to shift part of the tax burden to those held more able to pay is definitely connected with the intention of relieving real estate.

Bank Laws Up

Because of a recent Supreme Court decision, many states must this year revise their methods of taxing banks. Considerable banking legislation will come before the 1931 sessions of the state legislatures but it will be dealt with cautiously. The proposals and

States	Tax Laws, New or Revised				Regulatory or Tax Laws				Agriculture and Marketing of Agricultural Products	Unemployment Relief	Banking	
	Sales	Chain Stores	Income	Intangibles	Gasoline	Buses	Motor Trucks	Banks			Branch — Group — Chain — Agitation	Strengthening Regulatory or Supervisory Provisions
Alabama	N	N	N	N	N	N	N	L	N	N	L	L
Arizona	P	P	P	P	N	N	N	L	N	L	N	L
Arkansas	P	P	P	P	L	N	N	L	L	L	N	L
California	L	L	O	N	N	N	N	N	N	P	N	N
Colorado	P	P	P	N	N	N	N	L	N	N	N	N
Connecticut	O	O	O	O	O	O	O	O	O	O	O	O
Delaware	O	O	O	O	O	O	O	O	O	O	O	O
Florida	P	P	P	P	P	P	P	N	N	N	N	N
Georgia	P	P	P	P	L	N	N	N	N	N	N	N
Idaho	L	N	L	N	N	N	N	L	N	L	N	N
Illinois	L	N	L	N	N	L	L	N	L	N	L	L
Indiana	L	N	L	L	N	N	N	L	N	N	N	L
Iowa	P	P	L	L	N	N	N	N	L	L	N	N
Kansas	N	L	L	N	L	N	N	L	L	N	L	N
Maine	N	N	N	L	N	N	N	N	L	L	N	N
Maryland	P	N	N	N	N	N	N	N	L	L	N	N
Massachusetts	L	P	P	P	N	N	N	N	N	L	N	N
Michigan	L	L	L	N	N	N	N	L	N	L	N	N
Minnesota	L	L	L	L	L	N	N	L	L	L	L	L
Missouri	L	N	L	L	L	N	N	N	N	N	N	N
Montana	N	N	L	N	N	N	N	L	N	N	N	L
Nebraska	O	O	O	O	O	O	O	O	O	O	O	O
Nevada	O	O	O	O	O	O	O	O	O	O	O	O
New Hampshire	N	L	L	N	N	N	N	L	L	N	N	L
New Jersey	O	O	O	O	O	O	O	O	O	O	O	O
New Mexico	O	O	O	O	O	O	O	O	O	O	O	O
New York	L	N	N	N	N	N	N	N	N	N	L	N
North Carolina	L	L	N	N	L	L	L	L	L	L	L	L
North Dakota	L	N	L	N	L	L	L	L	N	N	N	L
Ohio	N	N	L	L	N	N	N	N	L	L	N	N
Oklahoma	L	N	L	N	N	N	N	L	N	L	N	N
Oregon	P	P	L	L	N	N	N	N	N	N	L	N
Pennsylvania	O	O	O	O	O	O	O	O	O	O	O	O
Rhode Island	P	P	P	N	N	N	N	N	N	N	N	N
South Carolina	L	N	N	L	N	N	N	L	L	P	N	L
South Dakota	L	N	L	L	N	N	L	L	N	N	L	L
Tennessee	L	L	L	L	P	L	L	L	N	N	N	L
Texas	N	N	L	L	N	N	N	N	N	N	N	L
Utah	L	N	L	L	N	N	N	L	N	N	N	N
Vermont	N	N	L	L	N	N	N	L	N	N	N	N
Washington	O	O	O	O	O	O	O	O	O	O	O	O
West Virginia	L	N	N	N	N	N	N	N	N	N	N	N
Wisconsin	L	N	L	N	N	N	N	L	L	L	L	N
Wyoming	N	N	L	N	N	N	N	N	N	N	N	N

L = Likely P = Possible, not likely N = No Action Indicated O = No Information Available

Legislative Trends In 1931

Early next year, the legislatures of 44 of the 48 states will meet. This swift survey shows the trends of possible action in tabular form. "L" indicates that consideration is likely; "P" that it is possible, but not likely; "N" means that the subject will not come up, according to present indications. Those states meeting this year, but where no information is available, are shown with "O".

their prospects are discussed at greater length elsewhere in this issue.

In 2 or 3 states the legislatures are reported in a mood to pass little legislation, feeling that this is no time further to disturb already disturbed conditions. This feeling is strong in Maryland, New Jersey, and Massachusetts.

Legislative Programs Of Specific States

ALABAMA, only state in Union content to have its legislature meet but once in 4 years, faces the problem of putting through a pledged economy program in the face of large unavoidable expenditures, with heavy state obligations to be funded; may resort to drastic means for obtaining revenues.

ARKANSAS may propose a special tax on aviation gasoline to obtain funds for additional airports, forgetting that such a special tax may prompt aviators to give Arkansas a wide berth.

Talk of Sales Tax

CALIFORNIA, stirred by the sales competition that its retailers face from one of its biggest and best customers, The Great Atlantic & Pacific Tea Co., buyer of $145 millions of California products in the last 5 years, shows signs of wanting to supplement a proposed increase in its gasoline tax with a special sales tax not particularly favorable toward chain stores.

GEORGIA, under pressure resulting from the extravagance of its 1929 legislature which appropriated $3 millions more than was provided for by state income, will probably call its 1931 legislature into special session on Jan. 6, to consider some extraordinary proposals made in a frantic attempt to gain revenue. Power, telephone, other utility companies are to be suggested as ready victims for further taxes, with sales, chain, income tax proposals in the immediate offing. The regular session starts in June.

Illinois Needs Funds

ILLINOIS, urgently in need of new sources of revenue, will consider an income tax law, may tax buses and trucks, will, perhaps, lighten real estate taxation by permitting deduction of mortgage indebtedness from assessed valuation.

MASSACHUSETTS will be urged to tax bottled beverages (non-alcoholic, of course) at 1¢ per ½ pint, to provide funds needed for old age assistance.

MISSOURI, not yet convinced that real estate is carrying its share, may try to increase taxes on tangibles. A state survey board created by the 1929 legislature proposes drastic increases in income taxes.

NEW YORK expects its special tax revision committee to propose a tax on annual sales in retail stores; finds small and large retailers, chain, department stores, solidly aligned in opposition.

Acme

HOME AGAIN

Arthur Curtiss James, champion railroad stockholder, prefers yachting. He has just anchored at Miami after 6 months abroad in the "Aloha"

With an income tax already levied, real estate taxes high, general taxation so heavy that many industrials have removed from the state, prospective new industries have been frightened off, the Empire State faces a serious situation. In the event that their efforts are fruitless, retailers propose to tag every article of retail trade, showing the actual retail price and the amount of tax levied, thus hoping to build sentiment in favor of early repeal.

NORTH CAROLINA, already collecting a 5¢ gasoline tax, wants to raise it to 6¢, proposes taxing motor buses and trucks, will make another try at a law to tax chain stores. This state faces a serious problem, having two strong groups of diametrically opposed interests. Its rural eastern legislators want real estate taxes lightened, the burden placed on industry, power companies and commercial enterprise; the industrially-minded men from the western half of the state demand more equitable distribution of taxes, some favoring a general sales tax.

Oregon Has Task

OREGON at the recent general election voted in favor of an income tax. The forthcoming session of the legislature is to enact the necessary law. It is also faced with the task of designing another law to tax intangibles, the one enacted in 1929 having been declared unconstitutional.

WEST VIRGINIA will hear its 1931 legislature debate proposals to change, possibly to repeal, the sales tax it has had in operation since 1922. Critics are amassing proof that the sales tax retards economic progress, prevents industrial expansion. Under its present law, this state taxes coal, oil, timber, value of goods manufactured, gross income of wholesalers and retailers, banks, railroads, public utilities, etc.

WISCONSIN will attempt to reduce taxation on real estate, may increase income tax rates, may tax dividends, chain stores, cigarettes and tobacco.

Many New Bank Laws But Only Cautious Ones

THREE major banking topics are slated for consideration in the state legislative sessions of 1931, all three arising out of developments in 1929 and 1930. The prospects are for a considerable volume of state banking legislation next year, but with little of it taking a disturbing or radical turn.

Bank failures in 1930 totaling well above 1,000 and constituting a new high record for this country are behind many moves for new laws. Stricter supervision of banks will be an issue both in Congress and in at least 14 state legislatures.

Most proposals coming up will be shaped to give banking supervisory authorities more power to meet an unfavorable situation promptly upon its development, instead of leaving them with their hands tied by law until it becomes so bad that a bank must be closed.

This tying of the hands of officials is a somewhat general problem.

Larger appropriations to provide for bigger examining staffs are likely in several states, and Congress probably will consider giving the Comptroller of Currency both more power and a larger staff to aid him in his administration of the national banking laws.

The Big Bank Question

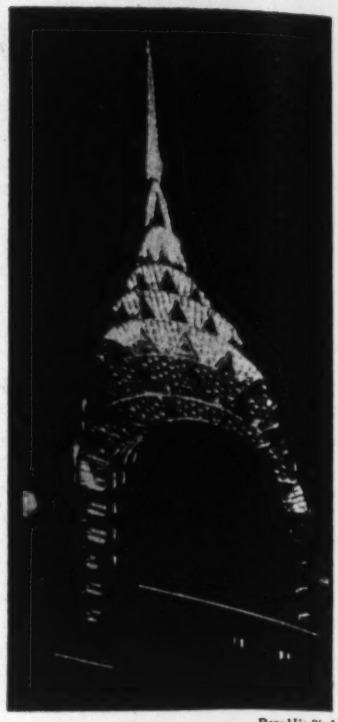
Concentration of banking capital in larger organizations places before the state legislatures the second big banking question of the new year. It is, of course, tied rather closely to that of supervision. Nine or more legislatures will consider some phase of the branch-group-chain-unit banking question, along with committees in both the House and Senate at Washington. While there will be much disturbing talk and numerous stringent bills will be introduced, legislation appears likely to be moderate.

Supervision of the holding companies in group organizations will be attempted in some states. These companies do not now come under the banking laws, though their "business" is the ownership of bank stocks.

The great majority of American banks are still unit institutions, but, due to the impressive total of their assets, the group branch and chain organizations have wider influence than their number indicates. Wider extension of branch banking privileges seems to be indicated in a few states, but most of them will await the verdict of Congress before taking action.

Many Laws Upset

The question of bank taxation is the third one on the year's program of banking legislation and is one of great importance to bankers. A decision of the Supreme Court last year destroyed the basis upon which most states were taxing national banks, necessitating the formulation of a new method. In several states banks are at present paying taxes voluntarily only, the Court having set aside the law under which they had been taxed. Nine states will have this matter up for definite consideration, and it is likely to arise in several more before the legislative session ends.



Republic Steel

ORNAMENT

Not the one that topped off the Christmas tree, but the Nirosta'd top of Mr. Chrysler's building photographed by the clear light of the moon

Eastern Lines Work Toward 4-Trunk Consolidation Plan

THE business world looked more hopefully this week on the possibilities for a solution of the 10-year-old Eastern railroad consolidation program which, if completed, would permit the roads to make large expenditures on new construction with consequent relief of unemployment and general stimulation of industry.

Conferences Fruitful

Definite progress is reported to have been made in the latest of a series of conferences being held in New York in which are participating: P. E. Crowley, president of the New York Central; W. W. Atterbury, president of the Pennsylvania; Daniel Willard of the Baltimore & Ohio; J. J. Bernet, president of the Chesapeake & Ohio; O. P. Van Sweringen, owner of the C. & O.; and interested bankers.

The agreement being evolved by the rail chiefs, as it is understood to stand at present, calls for a 4-trunk plan with each road in the conference made the head of a system. The N.Y.C. would get the Lackawanna (a more direct route to Buffalo from New York); the C. & O. would get the Lehigh Valley. The Reading–Jersey Central would be assigned to the Baltimore & Ohio. To bring about this arrangement the Pennsylvania would have to give up its control of the Lehigh Valley, and the N.Y.C. its 20% interest in the Reading–Jersey Central to the B. & O. (which it has already agreed to do). The last-named already owns 40% of the Reading–J. C. stock.

In the Interstate Commerce Commission's final merger plan a fifth trunk line (Lehigh Valley, Wabash, Pittsburgh & West Virginia, Wheeling & Lake Erie, Western Maryland) was created. It is known, however, that the commission will be willing to give up its idea of a fifth line if the Eastern roads can come to an agreement on a definite 4-system program.

Ripley Urges Action

Professor William Z. Ripley, of Harvard, author of the I.C.C. plan and eminent transportation authority, added his voice to the chorus of demands for consolidation progress when in addressing the National Association of Owners of Railroad and Public Utility Securities this week he declared that "our railroads are operating upon a wastefully competitive rather than an economic basis" and that "railroad presidents could perform no better service than by reaching a prompt agreement upon a consolidation policy." He pointed out that such action would stabilize trunk line conditions, and be of great public importance coming as an expression of confidence in the future of the industry "at this discouraging time."

Haircut and 27 Cents For a Bushel of Wheat

BARBERS in Sparta, Mich., are trying to boost business by offering a haircut and 27¢ cash, for one bushel of wheat. If a shave is wanted too, or a touch of hair tonic, no cash rebate.

Barber-owned storage elevators are not planned as wheat will be used to buy other necessities, or fed to hungry barber-owned chickens.

Various Canadian hockey organizations are offering one first class admission for one bushel of wheat.

New Mail Order Catalogues Show Special Sales Effort

Deep Price Cuts, Bargain Sales, Easier Instalment Terms Are Inducements Offered Customers

MIDWINTER catalogues, now being mailed by Sears, Roebuck & Co. and Montgomery Ward & Co., show substantial price reductions, reflect exceptional effort to retain popularity of mail order buying by improved sales-appeal.

General style of presenting offerings, methods of attack rather new to the mail order field but time-tested in direct retailing circles, indicate greater diffusion of experience gained by both companies in their retail stores.

For instance, Ward's offers thrift specials—certain items sold regularly at stated prices but offered during specified 2-week periods at reductions ranging up to 30%.

Budget Buying Continued

Ward's also continues the budget plan of instalment buying, has reduced down payments to $5 on less than $35 purchases; to $27.50 on $500 orders, including everything but groceries. The financing charge averages 10% extra. To Feb. 28, 1931, radios, refrigerators, bicycles, cream separators, various other single unit articles of permanent usefulness and slow depreciation, may be purchased with $1 down payment.

Bigger Than Ever

Catalogues of both houses are the largest ever issued in midwinter. Ward's, with 248 pages, listing 4,000 items, is mailed to 8,600,000 customers. Sears', with 204 pages, goes to 12 million customers, is expected to produce 1 million new accounts.

In introductory remarks, both stress exceptional price reductions, strenuous efforts to provide better bargains, voice appeals to practice current need for economy by mail order buying.

Difficulty of mail selling in a period of rapidly changing prices is more or less admitted when Sears announces that present prices are guaranteed only through January and February, 1931, indicating that that company has protected itself with commitments for that period, but does not attempt to foresee price conditions of March and later.

In the Sears, Roebuck book, many prices now quoted are less than half of peak levels of 1920, others are even lower than 1917 prices, although now the company also pays parcel post charges on such items.

Important Reductions

Price reductions on important groups show copper boilers down 21.4%, domestic cotton goods 18.6%, fabricated cotton goods down 11.5%, men's underwear 17.7%, furniture 5.9%, electrical appliances 9.2%, harness 12%, silk goods 27.5%, woollens 16%.

Specific items reflect the importance of the decline. Standard sheets sold for $1.98 in 1920, are back to 1917 price of 84¢. Sheeting costing 79¢ in 1920, 32¢ in 1917, now is down to 30¢ per yard. Largest price cut of all applies to flat silk crepe, popular big volume item, which is reduced 40.8%.

Significant is the fact that prices on automobile tires, heavy volume builders, take one of the heavy cuts. They are reduced 14.5%, with a further cut approximating 4% if tires are bought in pairs. All-State 29x4.40 tires, previously $5.65 each, now are $4.98 each, or $9.60 for two, which compares with $6.80 quoted on Atlas tires sold at Standard Oil stations, $7.85 for Firestone, $6 for Goodyear Pathfinders, $7.85 for Goodrich 4-ply.

Less Than 1930

Montgomery Ward & Co.'s midwinter price reductions range from 10% to 25% below those in the 1930 general catalogue, with tire prices lowest in the company's history. Although price reductions were made, quality of most items is reported greatly improved.

Comparison of Ward prices on goods of equal quality are interesting:

	1920 Price	1930 Price	New Price
90" Sheeting	$ .90	$ .41	$ .34
Socks (6 pairs)	1.39	.75	.65
Women's pure silk hose	2.98	1.49	1.19
Cream separators	69.50	39.85	36.35
30 x 3½" Cord tire	29.75	4.98	4.49
Ford storage batteries	29.20	6.75	6.19
Copper boilers	6.95	4.59	3.59
Kitchen cabinets	45.95	19.95	15.45
Spring mattress	....	29.50	21.95
3-piece living-room suite	....	94.00	73.50

Wide World

LOCOMOTIVES AND LULLABIES

At the piano is William H. Woodin, composer of the music for Johnny Gruelle's new children's song book. Offstage he is president of American Car & Foundry, chairman of American Locomotive

Dollar Books Are Still Just a Noble Experiment

Two Publishers Decide Their Formulas Didn't Fit The Mass Market; Third Is Still Confident

Two enthusiastic and popular publishers, of the 3 who set out last June to capture the mass market for $1 books (*The Business Week*, June 4), have dropped out of the race, intimate that $1 books, at least as selected and published in this initial trial, don't sell in sufficient volume to pay for themselves. The slump may have had an effect—publishers generally admit book sales are off this year from 10% to nearly 40%. At any rate, Simon & Schuster (who skyrocketed to fame with the Cross Word Puzzles and who sold a quarter of a million copies of the "Story of Philosophy" at $5), and Farrar & Rinehart (with all the backing of a famed authoress and the benefit of previous experience with Doubleday, Doran) include no $1 books on their spring lists. Farrar & Rinehart, however, will carry $2 fiction which, 6 months after publication, will sell at $1 or less.

Doubleday, Doran, long experienced third member of the experiment, is satisfied the trial may yet be profitable, has announced 30 new $1 titles for spring release, will make a far more exhaustive test before abandoning the idea. So far, the project is within the budget, even in a dull year.

One Sold 1,250,000

Statistics available on the experiment show to what extent these 3 popular publishers reached their goal. Farrar & Rinehart published 20 titles, sold 375,000 copies. Two of the most popular of these volumes were reprints of $5 and $3 best sellers.

Of the 7 titles published by Simon & Schuster (sales totaled 37,000), "I Am Jonathan Scrivener" was probably the most popular.

Doubleday, Doran issued 77 titles in the $1 edition, ranging from H. G. Wells' "Autocracy of Mr. Parham," which sold scarcely double the number of Wells books ordinarily sold in the $2.50 edition, to Edgar Wallace's "Silver Key" which set a weekly record on $1 books last week. Total Doubleday, Doran sales on $1 books have passed 1,250,000.

Discussing the project, Doubleday, Doran officials point out several facts proved in the 6 months the experiment has been under way:

As a rule, only fiction—romance, Western stories, mystery, and occasional historical narratives—will sell readily to this new mass demand. It is not "highbrow";

Only "sure fire" titles dare to be included because profit depends too much on the sale of considerably more than 5,000 copies;

Only the best, most modern bindings and jackets will sell. The public wants a book cheap but does not want it to look cheap;

So far, small bookstores, circulating libraries, and news stands are by far the best outlets. The American News Co., with from 40,000 to 50,000 distributing agencies, has been the most effective distributor. "It is not a drug store proposition yet, except where the store has specialized its book department." Big book stores have had small demand for $1 books, though there has been a pickup in recent weeks;

The keenest competition is the $2 and $2.50 business. It is true it is as easy to sell $2.50 books of a certain type as it would be to sell them in the $1 edition.

New authors have more opportunity to "crash" the market by averaging more than 3 times probable sales on a $2 book; $1 book authors have come out ahead financially in this dull year;

England and America want their books bound in boards. Unlike the Continent, where inexpensive paper editions take the place, to a certain extent, of magazines, the "mass" reader has indicated his preference for substantially bound, good but light reading.

General Motors Adds An Oil Burner

IN line with its program of expansion by addition of new products, General Motors Corp. announces purchase of all the capital stock of the Rickard Engineering Corp., Brooklyn, N. Y., manufacturers of Rickard oil burners.

Although on the market 4 years and considered successful in operation, the product is being redesigned to facilitate quantity production in the Rochester factory of General Motors subsidiary, Delco Appliance Corp. New sizes and types of burners will be added. Prices are to be announced later.

"Delco Heat" is the name under which General Motors oil burner will be marketed. It is expected that established appliance outlets will be used to obtain retail distribution.

Underwood & Underwood

50 AND 100 SEN

The buyer for the 5 and 10 department of one of Japan's big stores looks over his merchandise. Many of the articles are exact copies of those featured in America

Wide World

STARTING AT THE BOTTOM—OF THE BARREL

John Shoup, son of Paul Shoup, president of Southern Pacific, goes to work weighing sugar for Public Food Stores, San Francisco. He is studying chain store management

Chester, of General Foods, Trains Sales Staff to Help Retailer

Hopes to Cut Waste, Stabilize Outlets, by Reducing Appalling Mortality of Grocery Stores

GENERAL FOODS CORP., preliminary figures indicate, has made 1930 prove that centralization of executive management, coordination of sales and promotion effort on allied lines, synchronization of production with distribution can effect remarkable economies and efficiencies, even under adverse business conditions.

Originally heralded as no more than an interesting experiment, General Foods rapidly acquired important food manufacturing units, and entered 1930 with a line of nationally-advertised products so widely diversified as to eliminate duplication of effort and to insure tapping the broadest possible markets.

Steady Additions to Line

To the line of cereal products of the original Postum Co., Inc., had been added Jell-O in 1925; Swan's Down Flour and Minute Tapioca in 1926; Walter Baker's chocolate, Franklin Baker cocoanut; Hellman's mayonnaise, Log Cabin Syrup in 1927; Maxwell House coffee, La France laundry products and Calumet baking powder in 1928; Certo, Frosted Foods (Birdseye Process), with Atlantic Oyster Farms and Diamond Crystal salt in 1929. The total was 48 plants in 40 cities.

Production practices have been coordinated, distribution unified, and a comprehensive plan for intensified use of existing organizations and facilities has been applied.

"Our experience convinces me that for a food manufacturer efficient and satisfactory distribution is of prime importance," says C. M. Chester, Jr., president of General Foods.

"Considering that food represents over 25% of the country's total retail sales volume, it follows that food distribution must account for 25% of the waste in distribution. That waste, so various authorities claim, amounts to $4 to $8 billions annually. A billion dollars then must be lost each year through improper, careless, wasteful practices in food distribution. Probably the greatest share is contributed by the retailing branch of the industry.

"Each year thousands of inexperienced men have entered the field only to lose their original investment and cause heavy credit losses to wholesalers and producers. The Louisville survey showed the appalling mortality rate of 24% of existing grocery stores each year. In Buffalo during 10 years an average of 605 grocery stores a year went out of business while 627 new stores opened up.

Must Cut Retail Costs

"Every organized study of retailing of foods has disclosed similar facts. Obviously, therefore, if some of that annual billion dollar waste is to be eliminated, retail distribution particularly must be stabilized, retailers improved, their methods simplified, costs educed."

With that objective, General Foods Corp. handles all its products through General Foods Sales Co., Inc. Each of the 700 salesmen operating in 26 districts now sells all of the company's products. Territories have been realigned so that a man operates in a small area, including a definite and limited number of present and potential customers. Salesmen undergo intensive training, including study of all products, courses in retail management, merchandising, store lay-out, window trimming. They offer constructive help in these matters to storekeepers in their districts.

Meanwhile new products are being constantly developed, old ones improved; sizes, colors, styles of packages changed, to meet changing demand and changing competition for attention on retailers' shelves. An important example of this activity is the development of quick-freezing foods by the Birdseye process and their increasing sale through chain and independent stores.

No Distinctions Made

Cooperation of all classes of distributing outlets has been secured through dropping all distinction between chain or independent, large or small; price lists quote carload and less-than-carload prices and apply to all direct customers.

It is strategically important that General Foods has increased public interest through stock ownership. The number of stockholders has been in-

creased from 1,783 in February, 1927, to 32,000 three years later, and with 9,000 added in the last 10 months, the total now stands at over 41,000, an increase of 2350% in less than 4 years.

Prices Off, Sales Up

Prices have been reduced on many products, increases in quantities sold offsetting otherwise inevitable reduction in dollar sales. Total sales for 1930 are expected to approach $130 millions, earnings will reflect the advantageous position of the corporation.

Tabulations of earnings of 630 important corporations during first 9 months of 1928-29-30, divided into 20 major groups, reveal that while 31 food companies (less than 5% of total number), accounted for 9.4% of total earnings in 1928 and for 9.6% in 1929, they jumped to 14.3% of total earnings in 1930. Food companies are one of only three of the 20 groups showing increased earnings for 1930.

C. M. Chester Jr., was born in Annapolis in 1877, son of the Rear Admiral. He is a Yale graduate.

As a lawyer he was associated with Chief Justice Hughes. He was treasurer of Manning, Maxwell & Moore. He became a major of infantry at Plattsburg; then inspector-general for assignment overseas at Camp MacArthur, Waco, Texas. In 1919 he joined Postum Cereal Co. as assistant treasurer. He became president in 1924.

First-Hand Facts

Before preparing plans and commitments for 1931, Mr. Chester visited the important distributing centers east of the Rocky Mountains. Just returned from this swing around the circuit, he says:

"I was impressed with the fact that the influence of stock market movements on general business unquestionably wanes as the physical distance from Wall Street increases. Denver, for instance, farthest point west I visited, was doing the most normal and satisfactory business. I found stocks of merchandise surprisingly low, particularly in retail establishments, which to me means that those retailers must soon get under way with replacement buying that is going to do much toward restoring normal production activities.

"Retailers are doing business in a much more efficient and effective manner; are doing a better job of merchandising.

"I found chain executives, chain store managers alert and keenly interested in cutting sales costs, improving service. The popularity of voluntary chain organizations in certain sections impressed me. Wholesalers seem better than ever equipped to supply efficient and economical distribution for manufacturers. However, there probably will be more mergers in the production as well as distribution field, which should cut down part of the billion-dollar waste.

"By and large I feel that we of the food industry can be confident 1931 will be as good as, probably better than, 1930."

Furniture House Advertises Room-of-the-Month

THE book-of-the-month idea has been carried over into still another field of merchandising. Pringle Furniture Co. is putting on a room-of-the-month sale in Detroit. Starting with a completely furnished and decorated living room, it plans to display, advertise, merchandise one room a month. Invitations mailed to selected lists of Detroit women brought several hundred to the opening. Additional interest is being stimulated by free lectures at the store on topics of interest to women—contract bridge, furniture grouping, home decorations.

Cafeteria Drug Store Draws Seattle Shoppers

DRUG MART, INC., of Seattle, is selling package drugs, patent medicines, toiletries, candies, and miscellaneous sundries on the Piggly-Wiggly plan. H. J. Case, organizer, was for 20 years in wholesale drugs.

The store is L-shaped with entrances from two streets, and is close to one of the city's best patronized markets. Goods and methods appeal to the class of shoppers who regularly go to the public market.

Drug-Mart, Inc., carries a complete stock of nationally advertised medicine and patent preparations, package goods, cosmetics, compacts, toilet articles, and bath room necessities, in addition to such miscellaneous stock as floor polish, light globes, thermos bottles. There is no fountain or lunch counter and no prescriptions are compounded. It was decided not to sell cigars and cigarettes as they are carried by stores on either side.

All goods are displayed on shelves and counters in plain sight and each article marked at reduced prices in odd figures. Customers make their own selections, then advance to the cashier and wrapper. The cashier can see every part of the store and the price of every article.

The Business Week

GENERAL FOODS' GENERAL

Quiet, reserved, self-contained, C. M. Chester, Jr., doesn't look his 53 years

Other stores on the same plan are to be opened in Seattle in the near future but there is no intention of starting chains in other cities. Drug-Mart, Inc., if it expands, will confine its operations locally.

"We believe we have found a merchandising plan that will have a broad appeal," says Mr. Case. "We find that Thursday is our poorest day. This is also true at the adjoining market. Friday and Saturday record the largest sales, but rather surprising is our experience that Monday is also a day for large business.

"We find that there is less pilferage than in an ordinary drug store, for there

are no partitions or counters and everything is in plain sight. Anyhow most people are honest.

"Our show windows are our best advertisement. We found recently that while a window washer was at work, the display stock having been temporarily removed, we made no sales. But as soon as the windows were again filled with articles, plainly price marked, customers came in."

Instalment Modernization To Aid Local Dealers

CLOSE upon Sears, Roebuck Co.'s announcement of instalment financing of home modernization *(The Business Week*, Oct. 22) the Security Finance Corp., Washington, D. C., enters the field with a similar plan for independent building material suppliers and contractors.

Charges, based on the cash price for the job, approximate 1% per month. The loan is amortized in equal monthly instalments, one of $300, for instance, being covered by a note for $336, with 12 monthly payments of $28.

The contractor, when submitting bids on modernization jobs, includes the finance charge, notifies the company when the contract is obtained, secures the home-owner's signature to a special form of finance company note and, when he has endorsed the note, secures the money. A fair amount of equity in the property, plus a good reputation, form the main qualifications demanded from home-owners.

Loans have averaged less than $500, but jobs in amounts of $800 to $1,000 are handled in considerable numbers, generally on 3-year terms.

Washing Machine Industry Washes Out Price Levels

COMING at a time when many washing machine manufacturers were already suffering seriously from loss of sales volume, reduced income, the launching of a $79.50 (list price) dolly-wringer machine by Syracuse Washing Machine Co., makers of Easy washers, has precipitated somewhat of a crisis in the industry.

Started chiefly by department stores, that retail various types of machines (often manufacturers' clear-out stocks), a steady decline has carried retail prices on washers from the $165 level of 1928 to around $100. Here they were expected to remain as it was considered ruinous to attempt to supply a mechanically satisfactory machine to sell at less than $100 and yet insure satisfactory sales volume by providing also reasonable compensation for distributor, dealer, salesman.

The breaking through to a $79.50 list price by an old-line manufacturer has forced other makers into one of two groups. Some are attempting to capitalize the situation by introducing low-priced, low-profit models listing at $55, $59.50, $71.50. Others believe that the present flurry will subside, that prices are going to be stabilized at the $90-$100 level.

E. N. Hurley, Jr., president Hurley Machine Co.; S. H. Altorfer, president Altorfer Bros. Co.; R. D. Quinn, 1900 Washer Co.; W. Neal Gallagher, vice-president Automatic Washer Co.; Pierre L. Miles, Edison Electric Appliance Co., all call the cheap model economically unsound in letters addressed to *Electrical Merchandising*.

L. R. Boulware, general sales manager Syracuse Washing Machine Corp., claims the $79.50 machine provides a definite answer to the inconsistent policies of other manufacturers; adds that the 3 major divisions of retailers, central stations, department stores, electrical dealers, have found that the low-priced machine stimulates, rather than interferes with, the sale of higher-priced washers.

Maytag Co., answering the challenge, has put out a new model, retailing at $92.60, costing the dealer $60 net.

Mail order prices are unchanged.

What the Figures Show

Meanwhile the unsatisfactory situation in the industry is reflected in available figures. Maytag Co. sales for the first half of 1930 were $4 millions (over 30%) below 1929; earnings dropped 57.2% from $3,236,121 to $1,382,930. Syracuse Washing Machine earned $834,048 in 1928, dropped to $488,068 in 1929, and a net income of but $95,984 in the first 6 months of 1930. Automatic Washer Co. net income of $191,462 for the first half of 1929 went off to $17,654 in 1930.

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LOOKING INTO FROZEN FRUITS

Dr. J. Cecil Rhodes, director of the Medical Arts Laboratories, Philadelphia, runs a test to determine the effects of quick-freezing on fruits. Georgia peaches frozen last summer could hardly be told from the fresh fruit

Second Century Will Be Harder For Building and Loan Business

THIS next week sees the building and loan centennial.

On the evening of Jan. 3, 1831, in Frankford, Pa., now a suburb of Philadelphia, a group of citizens met in a tavern and organized the first building and loan association of America. The house on which they loaned the first $500 is still standing.

Today 12,000 building and loan associations are employing more than $8 billions to aid some 2¼ million people to buy homes. Growth in the last few years has been phenomenal. Assets have doubled in the last 6 years, increased 6 times in the last 16.

New Trends Appear

What of the century ahead?

Certain underlying trends of business and habits of living will have much to do with the answer to this question.

"A decided trend away from home ownership," as one building and loan leader puts it, "is evident." Cliff-dwelling increases.

We are entering into a period of more stable real estate values. Our national habit of looking upon land as something that increases in value every year must be altered.

In many places, land will decline in price. Many small towns are drying up. Large areas in our big cities are slipping backwards. All who have money invested there, including building and loan associations, are affected.

Homes Still Expensive

Technique of home building may be so improved that homes better than those now built can be constructed for much less money, perhaps half. Homes are today the most costly necessity of life sold. This is because they are still custom-built. Private residences may be fabricated in larger pieces at central plants and the amount of hand assembly on the job greatly reduced, without destroying individuality. Introduction of new home building technique will render existing homes semi-obsolete, reduce their value.

Public demand today is for new things—color, style, up-to-date-ness. Houses built 10 years or more ago, many not yet paid for, have already suffered in value because of this trend.

Conclusion is that the building and loan business will be stabilized not far from present levels. But losses due to the trends noted should not be heavy.

The average loan is only $3,700. Loans are selective. Properties are carefully examined. Character of borrowers is investigated. It is an axiom of banking that a large number of small loans to people of character are quite safe in the aggregate. Witness the nice way in which instalment selling, concerning which so many dire predictions were made, has weathered this depression. Furthermore, borrowers pay monthly and so whittle down old loans, thus maintaining equities even when values are slowly declining.

Associations are in quite good shape today. While some are having their difficulties, the fact that total real estate holdings are less than 1% of loans now outstanding indicates financial health.

Finally, building and loans are working men's banks. As such they are definitely tied up with a most important portion of the population. Standards of living will continue to increase. Working men will continue to save money and buy homes.

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WHERE IT STARTED

On this house, still standing in Orchard St., Philadelphia, The Oxford Provident Association (parent of them all), made its first loan

Better Bank Methods A.B.A's 1931 Objective

CHAIN and group banks fill the eye because they are large and comparatively new, but the unit bank is still the prevailing type. Of 27,470 banks, 21,028 are independent, one-office units. Among these were most of 1930's 1,100 bank failures.

Better management for small banks is one of the principal objectives of the American Bankers Association for 1931.

Already there are 35 sectional cooperative groups; their work of interchanging ideas for improved practice will be intensified. New groups will be formed. Effort is under way to organize all banks in Illinois into such groups. Conferences on management are held. Progressive ideas for promotion, credit information, investment counsel are developed and exchanged. Standard forms for reports and records are developed.

An important subject is the prevention of multiple borrowing. Studies have shown how often small banks are imposed upon by men who get loans from several different banks, the total, of course, much in excess of any credit to which they are entitled. A central credit file, as maintained in all large cities, stops this abuse.

Foreign Loans Sell Our Goods, Anyway

DISCUSSION of the current pressing need for American money abroad and of the possibility of considerable American lending abroad in 1931 brings renewed agitation in some quarters for the principle that such loans should require that all purchases of materials with their proceeds be made in America. Object is, of course, to make foreign loans serve more directly to stimulate American exports and thus American business, also to protect dollar exchange. Advocates add that other lending nations should lay down the same rule.

However, extensive authoritative investigation reveals that in no leading nation is the "earmarking" practice prevalent. Some loans do carry such understanding, but the practice is not general, despite the fact that each lending nation firmly believes it to be followed by every other one.

Though there is strong support for the plan in this country, particularly in industry, the investigation indicates not only that any attempt to adopt it would seriously handicap foreign bond flotations and impede the desirable inter-

national flow of capital, but that it is not necessary to the stimulation of foreign trade.

Export of capital must always take the form of exportation of goods. Dollars, as such, do not move out of the country in any great volume. Goods go in exchange for goods, and money is only the medium of exchange.

This being true, the effect of a foreign loan by the United States is the same wherever it is spent, the loan being made in dollars. To require that the proceeds of a loan be expended in the lending country would add nothing to the total of exports.

Further, an attempt at such dictation would rouse much resentment against this country, would certainly drive business away if funds possibly could be obtained elsewhere.

Life Insurance, Down 4%, Is Still Up 6%

THOUGH life insurance salesmen did not sprint to the finish line of 1930, they have made a pretty good run of it all year.

Latest monthly figures compiled show that, at $861 millions, November's sales of all types of life insurance were lowest for any month of the year, off 17.2% from the November, 1929, total; that sales on ordinary life alone, at $593 millions, went 15.8% below the November total a year ago. But there are compensations.

Data covering the same 44 American companies (carrying 82% of the total insurance) which reported these figures show that sales of all life policies for the 11 months of 1930 were only 2.6% below 1929 records; sales of ordinary life were only 2.5% off for the 11 months. And James Lee Loomis, chairman of the Association of Life Insurance Presidents, is reminding his members that 1930 sales by all companies will total $18½ millions, run 6% above the average for the last 5 years—which isn't so bad, even if it is 4% under 1929's showing.

Talking to the life company presidents at their recent meeting, Mr. Loomis stressed the stabilizing effect of insurance payments to policyholders and beneficiaries estimated at $2.2 billions in 1930, $238 millions ahead of the 1928 total. He also noted that, during the year, the companies have paid out an unusually large amount to policyholders who surrendered their policies for cash, that loans on policies have been rapidly increasing—developments which have helped to curtail this year's purchases of securities and mortgages by the insurance companies (*The Business Week*, Dec. 24).

Interesting to the life insurance company presidents was a report which showed that at the end of 1928 the United States, with 6.2% of the world's population and 35% of the world's wealth, held about 70% of all the life insurance in force throughout the world ($136 millions). But American dominance in this field is just a little less than in 1924. Reason is that companies in other countries are beginning to wake up to the possibilities of the business that has been coming to us. Poland, Hungary, Austria, Germany, Brazil, China and Japan are now especially active in developing life insurance facilities. Since 1924 average annual insurance increase for the world has been 12.03%; for the United States, it has been 10.53%. Policies in force at the end of 1929 totaled $108½ billions; policyholders, 68 millions, 54% of the population.

Acceptance Popular Throughout the Decline

BANKERS' acceptances have an increased significance to the money market at the end of 1930 as a result of the year's growth in their use to finance both domestic and international business. Despite the decline in prices and business activity, the total of acceptances just reported as outstanding on Nov. 29 is only 5% below that of a year ago. Except for October and November this year, every monthly total since January, 1927, has exceeded that of a year previous, as shown by the accompanying chart.

Especially notable has been 1930's increased use of the dollar, through the acceptance, for financing trade of other nations. At a new high of $543 millions, bills based on goods stored in or shipped between foreign countries account for 34% of the Nov. 29 total outstanding.

At $242 millions, acceptances based on our imports are down 32% from the total of a year ago. Since exports have declined less than imports, bills used in financing them stand only 19% below the comparable 1929 total. Domestic acceptances rose 65% but, at $33 millions, still account for only a small part of the total outstanding.

Warehouse credits through acceptances rose to $273 millions, a gain of

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AERIAL FREIGHT CAR

For two years, the air line from the New Guinea coast to the gold fields has carried trucks, tractors, mail and supplies, including half a ton of beer a week. In these larger freight planes, 3,200 tons of mining machinery is being transported piece by piece. This is the largest, a crankshaft for a dredge, weighing 3½ tons. With true German thoroughness, a test flight was made with an iron replica of the same weight

5%. Judging from the data of the brief period for which figures have been available, it looks as though the volume of these bills can be expected to go up during a recession since more goods go into storage at such a time.

Bills to create dollar exchange—so-called "finance" bills—dropped 25% to show $56 millions in the Nov. 29 totals. The decrease is probably due to the unpopularity of these bills and to the fact that dollar exchange is being obtained with the increased participation of American financing.

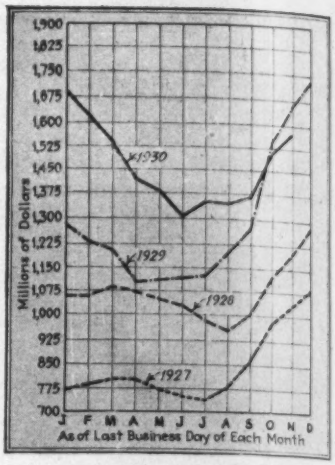
Farm Products Lower; Metals Are Firmer

MIXED trends continue in commodity prices. While the grains, sugar, and cotton are weaker, a firmer tone is developing in the metals. This is especially evident in copper and tin, after recent declines.

As a result of improved demand, the price for copper has been raised ¼¢ a pound by Copper Exporters, Inc. Domestic prices also are stronger. If any further increase is to be made, this will probably be attempted gradually rather than through a sharp advance which, as recent experience has shown, is difficult to maintain. November figures reveal progress is being made in curtailing production. With a total of 139,914 short tons, world's production of copper last month is about 8% below the October output and nearly 18% less than a year ago. All the producing countries have shown declines, except Germany, Japan, and Australia.

The rise in tin prices has come in consequence of the meeting of tin producers in London for the restriction of output during the coming year. At the conference are representatives of the Federated Malay States, Bolivia, the Dutch East Indies, and Nigeria. The restrictive measures voluntarily agreed to for the current year have not reduced production to the extent expected, but have curbed it, as in the instance of Malaya.

The silver market continues depressed with prices moving near the record low levels. The metal's recent sharp decline has stimulated the agitation for its stabilization because of the disastrous effects on the silver-using countries, and in some quarters has revived proposals for bi-metallism. In Mexico action is being planned for defending the silver peso, which has fallen to new low levels. It is understood that the government is considering a foreign loan for this purpose and that the National City Bank of New York has made an offer of a credit of $5 millions or more to this end.



The Business Week

BANKERS' ACCEPTANCES

Totals outstanding as reported by the American Acceptance Council

Both cotton and the grains are weak. While the old wheat contracts have held up under government support, July wheat, lacking the Farm Board's aid, is low and unsteady. Foreign wheat markets have shown a downward tendency under the influence of good crop reports from Argentina.

Sugar Stored in Silos Instead of in Sacks

GREAT WESTERN SUGAR CO. at its new Wheatland, Wyo., refinery is storing sugar in bulk in giant silos.

The experiment is a radical departure; sugar has always been stored in sacks. The new plan, if successful, will cut costs.

Sugar frequently will "cake" or lump in bags, due to moisture accumulation. This calls for a reconditioning process that is costly because of broken bags, wasted sugar, and labor outlay. Such sugar must be sold as "second" or "third" quality.

To escape the reconditioning process, —usually accomplished by laborers using clubs on sacks, or dropping bags onto cement floors—Great Western plans to draw on its Wheatland silos as jobber demands warrant. It is believed "reconditioning" will be minimized by even atmospheric conditions in the huge containers. If subsequent processing should prove necessary it can be done at smaller expense and without injury to the product.

Austin

CLEVELAND IN RUSSIA

Horses help to build the industrial city that will abolish them (of Fords, alone, 150,000 a year will be turned out). Shops, apartments, stores, utilities and roads are all being constructed by the Austin Co.

Legge Wants Exchanges More Strictly Regulated

THE demand for a stronger public control of commodity exchanges is now in vogue, at least in Washington. Among its proponents is the Federal Farm Board's chairman. Mr. Legge's recent proposal is that agricultural produce exchanges, including wheat and cotton, should not be permitted to establish their own rules and regulations without the approval of the Secretary of Agriculture, who would have authority to enforce them. The existing rules and regulations, he states, have been set up by the traders themselves with no regard for the interests of producers or consumers.

At the same time, the Farm Board chairman points out the need of centralized regulation of exchanges. Under the present legislation, the authority to deal with exchanges is scattered among different bureaus which have been set up by various acts of Congress, such as the Grain and Cotton Futures Acts, the Warehouse Act and the Grain Standards Act. The result is that the government control does not have the effectiveness that would obtain if authority were lodged in one governing body.

Representative Dickinson has a bill on the restriction of speculative trading before the House Agricultural Committee. This measure would limit the volume of daily purchases and sales made by one speculator in any one day on a grain futures market to 2 million bushels in any one future, and would restrict a speculator's total futures holdings at any one time to the same amount.

Pacific & Atlantic

WHEAT KING AGAIN

Herman Trelle, Peace River Valley, Alberta, Canada, was crowned for the third time when his hard red spring wheat was judged best at the International Livestock Exposition in Chicago

World Wheat Figures Look Better Than Prices

EUROPEAN NEWS BUREAU (*By Cable*)—World grain dealers attach weight to statistics collected by the International Bureau of Agriculture at Rome. The December report, just released, reveals few changes from the preliminary release (*The Business Week*, Dec. 17). It does summarize world market conditions at the close of the peak marketing season.

The statistical position of wheat has not been weakened by the November figures, though it is confirmed that the predicted carryover of 400 million bushels is not likely to be reduced unless crops now harvesting in the southern hemisphere fail to reach November estimates.

Trade views to the contrary, the bureau does not expect prices to break below the 1895 low; points out that trade is over-influenced by the selling pressure just now from Canada, Russia, Argentina, and India with Australian wheat expected any day to add to the glut; believes that the long-time statistical position which shows that Europe will need 500 million bushels of wheat before next August, warrants confidence.

After allowing for internal consumption but not for retention of any carryovers, the bureau places probable exportable surpluses of all of the principal producing areas, including Russia, at 1,270 million bushels (1,020 in 1929). Probable consumer requirements of the principal importing countries total 820 million bushels (610 million in 1929). This will leave in August, 1931, a world carryover of 450 million bushels in the exporting countries. (It was 420 million in August, 1929.)

Of the 820 million bushels of wheat likely to be absorbed in world markets, Europe will take nearly 80%.

Bennett Hints Government Will Rescue Wheat Pool

OTTAWA (*Special Correspondence*)—Just before leaving Ottawa for Christmas, and after a day of conferences with the wheat pool's bankers, Premier Bennett of Canada issued a laconic statement to the public—just one sentence: "Arrangements have been concluded that ensure the orderly marketing of the 1930 wheat crop of Western Canada."

There is only one possible interpretation. It is that the federal government has guaranteed the banks against loss on their advances to the pool of the initial payment made to the farmers.

The banks had advanced on this year's wheat, first 60¢ a bushel, then 55¢, finally 50¢. They ordinarily require a margin of about 15¢ between advance and the market price. With wheat as low as 50¢ on the Winnipeg Exchange, they are understood to have been demanding additional security.

To have met the demand, the pool would have had to sell wheat. Sell it in large quantities. Dumping in Winnipeg, wheat authorities say, would almost certainly have had a serious reflection in Chicago, and the effect in Chicago would have reacted again in Winnipeg.

With government intervention, the pool will be able to dispose of the 1930 crop as it can find outside markets. Canadian 1930 wheat has been moving out of the country at a gratifying rate. With Winnipeg prices greatly lower than the "pegged" price in the United States, American millers are buying from Canada for milling in bond. In the European markets, the new dictator of the wheat pool, J. T. Macfarland, is having some success. There is now a prospect that the 1930 crop may be pretty well cleaned out by August.

As for the 1929 wheat surplus, the western provincial governments are holding the bag. They guaranteed the banks against loss on their advances to the pool in the crisis last December. They have tried to persuade the federal government to share their liability, but so far Ottawa has not been accommodating.

Motor Industry Leans Hard On Its Trade Association

Whatever Can Be Done to Promote Better Business The N.A.C.C. Can Be Depended Upon to Do

MANY business forecasters look anxiously to the automobile industry for the first signs of returning prosperity. There is great general interest in how the industry has weathered the recent storm, what plans it has for the future and, in general, how well equipped it is to lead American business back to the path of prosperity.

Within the industry there is but one answer. However bad current conditions may be—and they certainly are black enough now—the industry never gives up hope because it knows that not a single useful thing will be left undone which might stimulate sales or which might help make motor vehicle ownership more useful, convenient, or profitable.

Superb Self-Confidence

To this supreme confidence in itself is due a considerable share of the industry's *savoir faire* in times of stress, its independence of tradition, the other traits which have made it an international byword for all that is modern and efficient in business management. And, to a surprisingly large extent, the industry's confidence in its own ability to weather any storm and to overcome all obstacles is based upon its faith in its trade organization, the National Automobile Chamber of Commerce.

During its 17 years of existence the N.A.C.C. has entered virtually every automotive field of activity; has instigated and carried through some of the most unusual and valuable work in trade association history. The executive leaders of the industry are heartily behind it and active in it. This is supremely important. Organized in 1913 by the merger of 2 pioneer automobile organizations, the N.A.C.C. has always been a body activated from within the industry; capable staff workers have had the full and active cooperation of the chief executives who were in a position to get things done by the entire industry.

Of the many activities undertaken, perhaps the most valuable are the patent pooling arrangement, the foreign trade promotion activities, legislative work, and educational services.

By the patent pooling arrangement, or "cross licensing agreement" as it is called officially, first made in 1915 and extended for the third time at the beginning of 1930 (*The Business Week*, Jan. 15), untold amounts of money have been saved the industry in patent litigation; the quality of automotive design has been greatly improved with a minimum of expense to the public. The arrangement was considered so valuable by a jury of which Secretary Lamont was chairman, that it received, early this year, the first award offered by the American Trade Association Executives for the most outstanding achievement of a trade association.

Some 1,700 patents are now included in the pool; they are available for free use by every manufacturer in the industry whether large or small; they cover so completely important design changes that royalties paid on present day automobiles are estimated to be not more than $2 a car.

Almost of equal importance is the aggressive campaign which the N.A.C.C. carries on to increase foreign sales. This intensive and extensive drive, described here before (*The Business Week*, Aug. 6) has been so successful that in virtually every country of the world which has no domestic motor vehicle manufacturing industry American products are overwhelmingly in the majority, and even in countries where there is strong domestic competition American products hold an important place.

The theory of the N.A.C.C. campaign is not, primarily, to sell American cars but to increase the use of motor vehicles and decrease the cost of owning them. With a market developed, American industry itself is expected to get its share of available business.

Foreigners Shown Around

Besides sending representatives and educational matter of all kinds to foreign countries, the N.A.C.C. welcomes foreign business men to this country where they are shown what modern transportation has done in this country. Last October, the International Highway Congress, under the joint sponsorship of the N.A.C.C., brought 500 delegates from 60 different foreign countries to Washington for discussion of ways and means of promoting highway develop-

The Business Week

ALL THE COMFORTS OF HOME

Long hauls have forced the improvement of trucks to a point where they equal passenger cars in providing for the comfort of the driver. This one has a bunk for the relief driver

The Business Week—San Francisco Bureau

BREAKING IN—WITH GAS

The Moreland Truck Co., in California, uses natural gas to break in new engines. The gas is mixed with lubricant and injected through the air cleaner. It costs less than gasoline and is better for the motor

ment and motor vehicle use. Following the meeting, about 400 foreign delegates were taken by the N.A.C.C. on a 3 weeks' tour which covered 12,000 miles and 21 states, all with the idea of inciting them to greater road development in their own countries. This, according to the N.A.C.C., will certainly result in better motor vehicle sales.

Legislative Committee

The legislative department of the chamber is continually active in protecting and advancing automotive interests. It cooperates closely with such agencies as the Rubber Association of America, Motor & Equipment Manufacturers Association, American Automobile Association and National Automobile Dealers Association. The chamber has been especially active in the development of the Uniform Traffic Code and the Model Motor Vehicle Municipal Ordinance of the Hoover Safety Conference.

At the moment it is taking an active part in the Interstate Commerce Commission's studies of rail and motor coordination to make sure that nothing which may be detrimental to motor transport evolves.

These hearings are being watched particularly by representatives of the truck division of the chamber, which has been expanded recently, better to care for the ever increasing requirement of the commercial end of the automotive business.

Activities of the educational department are chiefly responsible for the fact that there are available to the public more data concerning automotive production, sales, stocks, than for almost any other industry. Chief advantage of this department's work, however, is its value to the industry in providing members with accurate and early information about the industry's statistical position, thus permitting them to plan better.

Some Extra Attractions

Other activities of the chamber which are looked upon as "extra added attractions" by its members—more than they bargained for—include conferences with insurance groups as to proper motor vehicle insurance principles; providing marketing advice to members; development of motor vehicle standards; sponsoring a car scrapping campaign (*The Business Week*, Jan. 15); staging New York and Chicago automobile shows.

Trans-Atlantic Lines Cut Fares; Discuss Rates

WHEN slim purses cut transatlantic passenger travel nearly 30,000 this year, steamship officials settled down to do something about it. First came a series of announcements of rationalized schedules—fewer ships, staggered sailings—in the North Atlantic conference. This week, after a month of deliberation, prices are cut from 10% to 50% on the better class accommodations.

Included in the passenger luring program are the United States Lines, French Lines, Cunard Line, and the International Mercantile Marine which controls Atlantic Transport, Leyland, Panama Pacific, Red Star, and White Star. German lines have not yet agreed, are likely to fall into line soon.

Regal Suites Slashed

Reductions on the United States Lines apply only to the *Leviathan*. Suites of 3 rooms, 3 baths, a veranda, and a trunk room are reduced from $2,340 to $1,530. De luxe outside rooms will cost only $5 a day more than minimum fare. On the *Majestic*, regal suites drop from $2,530 to $1,395. Even minimum first class rates are cut from 5% to 7½%. Both the French Line and the I. M. M. include second-class accommodations in the cut, though no blanket reduction applies to all ships. On the popular *Minnewaska* and *Minnetonka*, cuts amount to only 2½%.

Less seriously affected than passenger travel, but well below normal, transatlantic freight volume is causing worry to dissatisfied members of the Western conference. Four members—the American Diamond, American France, Lloyd Royal Belge, and Red Star lines—carry freight between New York and Antwerp and Rotterdam, charge 10% less than 4 other members—North German Lloyd, Hamburg-American, Yankee and United States Lines—charge on freight to Bremen and Hamburg. There is a 50-year-old pact based on the fact that the German Federal Railways grant special rates to German ports which compensate the freight differential.

Ford Starts Scramble

Arguments came to a head when shippers using German ports realized they were likely to lose Ford freight to their competitors when the Ford plant is moved from Berlin to Cologne (*The Business Week*, Oct. 29). Discussions in New York and Düsseldorf, Germany, brought no solution. A final meeting will be held in Düsseldorf on Jan. 14.

The only possible solution is the creation of a new agreement by which the 2 group ll divide cargoes of the 4 European ports on a basis that will best suit all lines. With freight volume badly depleted, disagreement and a rate war are improbable.

It's time to bring up

the Elephants

HORSES can pull a circus wagon along a dirt road—they can buckle down and haul it through a little sand or mud. But when it bogs in the mire—when everyday horse power fails—*it's time to bring up the elephants!*

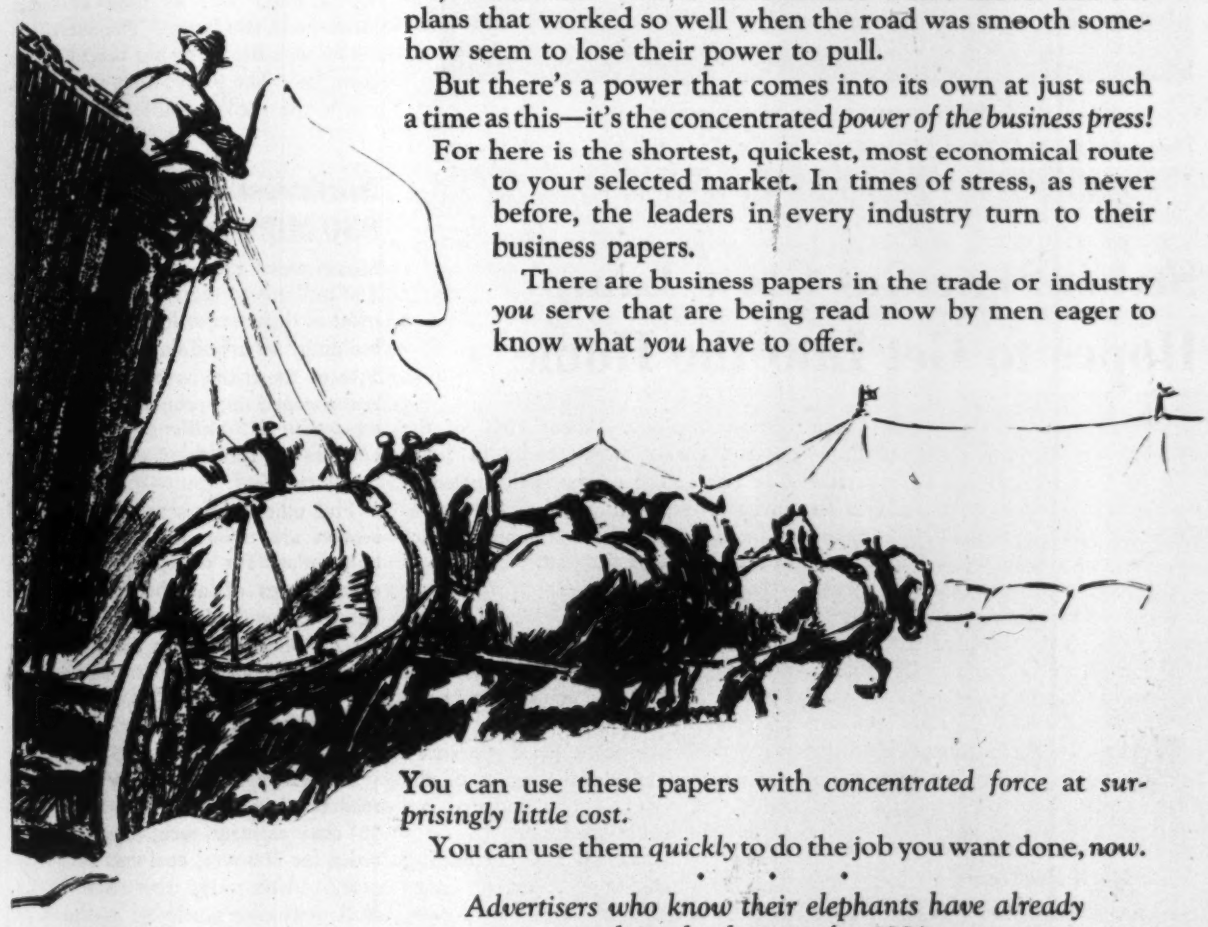
• • •

There comes a time in business when sales slow up—when buyers hesitate—when merchandise won't move. All the plans that worked so well when the road was smooth somehow seem to lose their power to pull.

But there's a power that comes into its own at just such a time as this—it's the concentrated *power of the business press!*

For here is the shortest, quickest, most economical route to your selected market. In times of stress, as never before, the leaders in every industry turn to their business papers.

There are business papers in the trade or industry *you* serve that are being read now by men eager to know what *you* have to offer.



You can use these papers with *concentrated force* at *surprisingly little cost.*

You can use them *quickly* to do the job you want done, *now.*

• • •

Advertisers who know their elephants have already brought them up for 1931.

THE ASSOCIATED BUSINESS PAPERS

INCORPORATED

ONE HUNDRED THIRTY-FIVE SPECIALIZED PUBLICATIONS REACHING SIXTY PRIMARY MARKETS AMONG MANUFACTURERS, DEALERS, INSTITUTIONS, SERVICE BUSINESSES AND PROFESSIONAL GROUPS . . . TWO-NINETY-FIVE MADISON AVENUE, NEW YORK.

Pacific & Atlantic

MR. SWOPE AT THE MICROPHONE

The president of General Electric goes on the air to tell how his company stabilizes employment. This first of a series of radio talks on the subject is sponsored by Col. Arthur Woods' Committee for Employment

Street-Sign Gas-Glow Lamp Hopes to Get Into the Home

GENERAL ELECTRIC CO., Claude-Neon interests, and Rainbow Luminous Products, Inc., all are pushing research and development work on the adaptation to office, store, and house lighting of the gas-glow electric light, whose only commercial use so far has been in the familiar neon advertising sign. European scientists also are hard at work.

Technical difficulties rapidly are being overcome. Greatest perhaps, was the fact that the neon tube has required high voltage, with consequent expensive installation of transformers to step up the potential. Recently developed bulbs work on ordinary 110-volt lines.

Some Hard Problems

Economic difficulties will take longer time for solution. Current consumption of gas-discharge bulbs is slight, which may call for revision of rate structures, possibly to a flat charge per outlet basis. Also before manufacturing can ever be put into mass production, many problems of machine design and modification of the existing lamp industry will have to be solved.

Incandescent bulbs give light by heating a filament in a vacuum or in a gaseous medium. About 10% of the electric energy used results in light. The rest of the energy is dissipated as invisible rays—ultra-violet and infrared and in heat. The best lamps produce about 18 lumens per watt.

Almost Cold Light

The bulb or tube in which gas is made to glow by maintaining a potential between cathode and anode already can be made to produce up to 50 lumens per watt. It is almost cold; it is science's nearest approach to the secret of the firefly. Almost all rays radiated are within the visible spectrum.

For years, research and engineering have been making incandescent lamps brighter and brighter. Illuminating engineers then cut down the intensity with shades, diffusers, reflectors, to make it tolerable to the human eye.

In the gas-glow tube, shades and diffusers should be unnecessary. The light itself is not a pin point of stabbing brilliance, but a glowing container of gas.

Light of many colors can be produced by using the proper gas. Neon produces a red; sodium, yellow; mercury, blue. These can be combined in a wide range.

Obvious applications are in luminous panels in walls or ceilings, opening a wide range of possibilities to the architect.

Railroad Turns Radio On Employee Morale

EMPLOYEES of the Norfolk & Western Railroad are now addressed directly by the railroad's executives through the radio. The innovation was first used at the annual meeting of the company when 4,200 workers gathered in 23 halls at as many points along the system and listened to talks on selling railroad service by Norfolk & Western officials. The method will be used at similar meetings in the future. The average attendance at the gathering heretofore has been 500. The proceedings were broadcast to the public also.

Northwest's Railroads Put $30 Millions into Jobs

NORTHWEST railroads are contributing $30 millions to the relief of unemployment in their territories by the purchase, building, or rebuilding of equipment. Five of the roads have announced, and are engaged in, programs aggregating more than $15 millions. Resulting operations are furnishing employment for 2,000 men.

Five other roads serving the St. Paul section are expected to announce detailed plans for emergency work, with expenditures of another $15 millions before the end of the year.

The Minneapolis & St. Louis Railroad is just receiving the last of 500 new box cars costing $1,100,000, and recently put into service 4 gasoline-electric cars at a cost of $65,000 each.

The Chicago & Great Western Railroad recently received 500 box cars of 50 tons capacity each, has placed an order for 300 steel coal cars of 70 tons each. Altogether, this new rolling stock will cost nearly $2 millions and will go into service this winter on the lines in Minnesota, Iowa, Illinois, and Missouri. The Great Western during the past year has purchased more than 30 locomotives costing $100,000 each, in its program of modernizing motive power.

In addition to expenditures for equipment on other sections of its 10,000-mile system, the Burlington is placing in service on its Minneapolis–Chicago

line 12 new locomotives, built for high-speed passenger service, costing $125,000 apiece. The Burlington also has set aside $300,000 for immediate improvement work on its tracks in Minnesota and Wisconsin.

The Northern Pacific Railway has launched a program of emergency employment which involves the rebuilding of 3,000 freight cars in its own shops. The road plans to spend $4½ millions on this project, including $1 million in wages to some 600 workmen.

The Great Northern has begun reconstruction of 2,300 freight cars. This work will be finished this winter and is outside the Great Northern's regular program of shop work, which in the first 9 months of 1930 included $2 millions for new cars and engines. The road is spending $2,760,000 for reconstruction of the cars and another $300,000 for rebuilding 12 locomotives, bringing its total for this work to more than $3 millions.

Cotton Belt Coordinates Rail, Truck, and Bus

DISCUSSED wherever railroad executives gather (and with a frown by the conservatives) is the attempt of the St. Louis–Southwestern Railroad (the Cotton Belt) to meet truck and bus competition constructively—by adopting the highway services as a part of a complete transportation system.

In other attempts, the rails have been regarded as the backbone of the system to be retained at all costs; buses and trucks have been added only when necessary to satisfy an extreme demand. The Cotton Belt has rearranged its entire service with rails where rails are needed, buses where they serve best, and trucks where they meet the demand most efficiently.

In view of the great interest of the railroad world in the Cotton Belt effort, the testimony of F. H. Millard, assistant to the president of the company, before the Interstate Commerce Commission in its investigation of rail-bus-truck coordination, is being closely studied. The railroad, in common with others, had been losing passenger and freight revenue steadily. Late in 1928 highway operations were started, predicated on the belief that motor competition could not be met with rail facilities alone. A subsidiary, the Southwestern Transportation Co., was formed to run the highway services which, for the most part, parallel the rails except when it is necessary to reach out to control the sources of through traffic passing over the rail lines. Thus the Cotton Belt does not poach on the territory of any other rail system. Present investment in highway service is $1,247,000 with 74 buses, 42 trucks, and 29 trailers. The buses feed the rail lines and substitute for rail passenger service where such service has had to be discontinued.

As to results, railroad executives find of chief interest the fact that the Southwestern Transportation Co.'s passenger revenues for 1929 more than equalled the decline in such revenue suffered by the railroad in 1929 as compared with 1928, and that highway operation has permitted reduction in train service at an annual saving of $560,000.

Electric Railways Start To Sell the Street Car

THE electric railway industry, which spends about $10 millions annually in advertising and publicity, is planning a special effort for 1931. The campaign will be designed to convince the public that the street car is here to stay.

According to Barron Collier, head of the advertising company which bears his name and chairman of the publicity committee of the American Electric Railway Association, points to be stressed are: the community value of co-ordinated public transportation; traffic congestion relief; economy and safety of public transportation; modernized franchises; tax relief; accident prevention; interurban service.

The association itself will carry on consulting service in advertising for the individual street car companies; issue news releases every 10 days; distribute advertising mats; send out posters for car windows, station and store display; produce motion pictures dealing with such subjects as safety, traffic congestion, modernization of cars, advantages of public over private transportation and the history of the industry.

Mr. Collier declared that practically every one of the 730 street car companies in this country now carry on continuous advertising and publicity.

Ten States Bid Higher For Utility Regulations

THE states are going after better men to serve on commissions regulating public utilities. Ten of them have recently made increases of from $200 to $3,000 in the annual salaries of commission members, bringing the national average

The Business Week

WORLD'S BIGGEST GENERATOR SHAFT

Now on the lathe in the General Electric works at Schenectady, this huge shaft for a hydro-electric generator will some day transmit 84,000 horsepower to Soviet industry

up to $5,275. Two years ago it was $4,000.

Other significant changes: Virginia has substituted election by the General Assembly for popular vote. Vermont will regulate utility accounting. Maryland and New York have prescribed uniform classification of accounts. One state has removed from the jurisdiction of its board the regulation of accounting in municipal plants. Delaware continues to be the only state without a commission.

The tendency has been to fortify commission regulation, with a trend toward entering new fields—ice, warehousing, workmen's compensation, radio, aviation, taxicabs, gasoline sales.

Gillette-AutoStrop Merger Puts German Blade-Makers in Quandary

EUROPEAN NEWS BUREAU—Can Germany's 170 small razor and razor blade manufacturers escape the repercussion of the Gillette-AutoStrop merger? The merger announcement from New York (*The Business Week*, Nov. 26) upset plans, plunged them into gloom. Now they have a comeback, but when it was publicly announced, critics found a hole in it.

Gillette has been a dominating factor in the German market for years. Apart from direct imports of American manufactured blades, Gillette acquired in 1926 a controlling interest in the Roth-Buechner Werke A.-G., Berlin. This company has been doing remarkably well for the last 4 years, paid handsome dividends mounting from 6%, 10%, 16%, to 22%. The 22% rate, exceptional in Germany, will probably be maintained this year, in spite of bad times. Though no sales statistics are available, Roth-Buechner is said to control more than one-half of the German production of blades and three-quarters of the razors. It is bringing out, among other products, a particularly fine quality blade under the name of "Rothbart Luxuosa," sold in Germany for about 12¢ each, already well introduced in other foreign markets.

Lost an Ally

The 170 small individual manufacturers are practically all located at Solingen, historic home of cutlery manufacture. In the beginning of 1930 they formed an association—Gemeinschaft Solinger Rasierklingen Interessenten—to fight the new Gillette patents for Germany. They looked upon AutoStrop as a natural and powerful ally. Their fight against Gillette alone was difficult; against the giant new concern it may become hopeless. Whatever the outcome of the patent strife, the 170 small units have decided their only chance to maintain their position is to bring out a standardized "Solingen blade" with a common trademark which would be a guarantee of quality in the eyes of the consumer, long sold on Solingen wares.

A propaganda campaign was launched appealing to the sympathy of the German public for the "national" as against the American blade. Just here the "hole" in the plan was discovered. Despite their "patriotic" appeal, the Solingen manufacturers were about to make a contract with a Swedish manufacturer to supply the steel for the blades. German steel magnates, while they tacitly admit the superiority of the Swedish product were shocked, pointed out the inconsistency of a campaign based on patriotic appeal.

The German razor blade manufacturers are now in doubt. If they buy steel from Sweden they run the risk of losing a powerful sales argument and the support of organized industry. If they buy the inferior German steel, this will inevitably affect quality—their only chance for success in the competition, at home and abroad, with the new American colossus. Germany exports one-third of production.

In this state of indecision, a new fear has come to haunt the 170 manufacturers at Solingen. Gillette-AutoStrop will soon be giving away their new razor for the asking. This old Gillette custom is the ghost which these manufacturers can't forget. And rightly, for it has lost them many a market.

Europe Develops Glass As a Building Material

AMERICA knows glass as something with which to fill window frames. In Europe, particularly in Germany, it is being used to replace concrete blocks, brick, hollow tile, plaster, and other materials commonly employed for exterior and interior walls and partitions.

The Siemens Glass Works of Dresden, Germany, has been especially active in developing new types of glass, and through its American representatives, the Structural Glass Corp. of New York, American builders will be able to include this new material in their plans. The Siemens Co. supplies prisms for sidewalks, floors, and roof lights; tile for windows, walls, and partitions; hollow block for walls and partitions.

Pacific & Atlantic

RUSSIAN RAZORS—FOR RUSSIANS?

The Soviets are making Gillette-type razor blades for export, which further upsets European markets already disturbed by patent troubles

Swift Survey of Business Abroad

EUROPEAN NEWS BUREAU (*By Cable*)—Business throughout Europe entered the Christmas week quietly and featurelessly except for the powerful recovery on non-ferrous markets. A second hopeful sign is silver's recovery from the slump of a week ago which, coupled with price declines on other basic commodities, brought incipient industrial improvement momentarily to a standstill. With textiles and other raw stuffs somewhat firmer, the only remaining pronounced weakness is confined to foodstuffs, notably wheat.

The break in Wall Street to new lows and consequent American selling abroad has caused a general reaction on European security values which are still below previous levels, though trends this week are somewhat stronger. It might be supposed that setbacks during last week were occasioned by renewed pessimism. So far, however, the greater confidence which has been gathering for some time is not yet badly shaken. The belief is current that the new year will open upon appreciably greater activity, notably in the coal, iron, and steel industries, which are among those showing most recent debility.

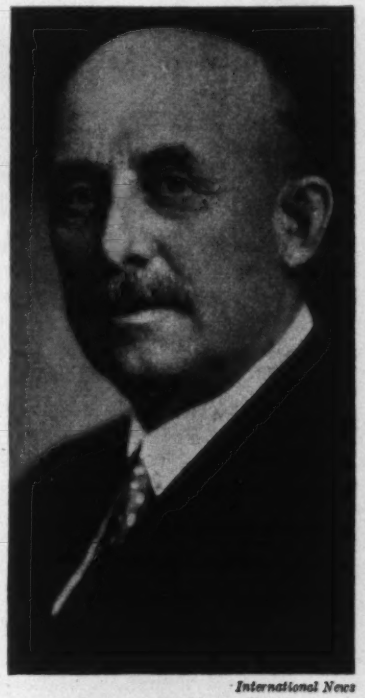
Watching U. S.

Attention continues to be directed more toward developments in the United States than upon domestic matters in the belief that the trend of world conditions for better or for worse now hinges chiefly on the ability of the United States to consolidate current conditions against further serious disintegration. Should a further pronounced relapse occur, it is believed its effects would be widespread abroad; conversely, any promise of stabilization, even if with no immediate marked improvement, would go far to relieve economic uncertainty and strengthen the disposition toward greater confidence.

Short term credit continues to be lax everywhere, but year-end accommodation and bill rates have distinctly stiffened. New relaxation after the year-end is considered probable. Government conversion operations, especially the British war loans which were thought immediately imminent a month ago, are no longer mentioned, but they are not yet removed from the possibilities of the new year if market conditions permit.

Exchanges are less volatile, since the movement of funds for seasonal and year-end purposes was largely completed before the holidays. The flow of gold to France, however, continues uninterrupted and has piled up $140 millions since October. The flood has become unwelcome to Paris, as much as the outflow is regretted in London. This week efforts were made partially to divert purchases to Brussels.

Two exchanges still remain sensitive



International News

ONTARIO'S NEW PREMIER

George S. Henry, former Minister of Highways, replaces G. H. Ferguson, now Canada's High Commissioner in London

—the pound sterling and the peseta. Pressure on sterling has resulted from a combination of causes including, notably, withdrawal of French balances from London; also, the slowness of London discount rates to react to the gold outflow, which only now is contributing to greater stiffness.

Renewed instability of the peseta is due to recent political disturbances. These have been energetically squelched by the government which is momentarily in full control of the situation and has been able even to effect partial exchange recovery this week. Renewed disturbances between Socialists, Republicans, and Monarchists may be anticipated.

November trade returns are now available. The principal countries all show declines in values, though in varying degree, on both exports and imports from the October seasonal peak. Somewhat surprisingly, German exports, which heretofore have been holding relatively well, suffered the heaviest loss—13%. Manufactures were hardest hit. France, whose competitive ability has been steadily declining as internal price levels increased, nevertheless suffered least—2%. Similarly, French imports are down only 6%, compared with losses ranging from 10% to 12% in Germany, England, and Italy. Compared with a year ago, few declines exceeded the intervening 20% reduction in price levels. However, there were lower imports into Germany and England (by 37% and 27% respectively), and lower exports from England and Italy (28% and 29% respectively).

Trade Treaty Expires

The trade treaty between Czechoslovakia and Hungary has been allowed to expire following the inability to reconcile Hungarian agricultural demands on the Czech market with Czech industrial demands on Hungarian outlets. The difficulties were accentuated by the mixed agro-industrial structure of both countries. Apart from the dislocation of the respective exchange goods, expiration of the treaty also involves expiration of certain specified treaty rates shared by most-favored nations, and will probably also occasion renewed jostling among the closely inter-related Eastern European countries.

London Ends Year Depressed But Hopeful

LONDON (*By cable*)—The year is ending gloomily but with underlying optimism strong. Neither the coal, railway, nor cotton disputes are actually nearer agreement, but coal and railway interests are determined to exhaust all conciliatory machinery before falling back on complete stoppage. Cotton mill workers still refuse the "more loom" system and new wage levels. Truce agreements expire Jan. 5, when stoppage is expected. Unemployment this Christmas was twice the total last year. It now stands at 2½ millions.

Commodities are feeling the seasonal slowdown. Outlets abroad show more interest in Manchester cotton, but small scale business in American yarns is restricted to a few orders for mediums and

coarse. Bradford wool has slackened, but there is still confidence in merino and crossbreds with smaller trade tops going at buyer prices. Flannels and tweeds are quiet, but cold weather has brought some movement in overcoatings. The seasonal fall-off in iron and steel came earlier this year. Coal is markedly slacker. Hides and wheat are lower. Leather is flat.

Gold Stock Low

The Bank of England gold stock is down to £151,250,000, the statutory limit being £150 millions. If the drain continues to the end of January, 1931, it will see the stock at £144 millions. The bank has taken no special action, and talk of a gold premium is unsound, but the bank rate may move any week.

Silver rallied sharply Monday on good Indian buying. London is considering a China loan through the Hongkong Bank, the stock market having urged that such a loan should be in silver and secured by railways and public works as the best means of supporting the metal. The money market, however, feels that a silver loan cannot long be effective, owing to the inflationary effect in China.

Tin rose spectacularly on Monday's markets on rumor of the success of the international regulation scheme. Tin gained £6 10s. on the day, after a mid-market rise of £8. Copper rose 30s. a ton in sympathy. Details of the tin agreement are not known, but are said to involve fixation of quotas from producing countries, with regulated production to bring stocks in line with requirements of affected governments.

H. R. H. Speaks Out

There is wide interest and general agreement in the Prince of Wales' speech charging business men with a cowardly readiness to blame the wrong factors for the present business depression. "It is not the currency system and not the fiscal system, but bad sales methods which are wrong," says the Prince. "Men who whine simply can't compete with these handicaps, but the truth is they can compete if salesmen are better selected and better trained, and markets are more closely studied and attacked more strongly."

Politicians continue to bedevil business, after rejecting the Lords' amendment to continue the dyestuffs protection further than a year *(The Business Week*, Dec. 24). Business views with grave concern the introduction of the Trades Disputes Act, renewing the legality of the general strike and permitting a political levy on the trade unions for the benefit of the Socialist party unless the individual unionist specifically contracts out. When this was abolished in 1927, Socialist funds fell heavily and restoration was feared as a factor for future repressive acts and a stimulation to antisocial strikes.

The government has also introduced an Agricultural Marketing Bill which creates numerous committees to arrange to market cooperatively milk, potatoes, wool, cereals, cheese, cattle, sheep, pigs, poultry, eggs, and fruit, and which causes business to fear a tendency to impose heavy committee machinery on industry. The bill contains a provision for a consumers' committee to protest any schemes felt to hit buyers unfairly.

Introduction of the Trade Disputes Act is regarded as a sign of the breakdown of the Liberal-Labor pact making the date for the next general election again uncertain but fully anticipated next year, when a stable majority government will be sought, whether tariff or socialist. The chief desire of business is to end the present trying uncertainty.

Stock Sentiment Stronger

Stock markets at the end of the year are in a better mood but causes are psychological, and not due to improved business conditions. It is significant that temporary breaks no longer increase general pessimism but are regarded as mere waves of the real trade tide. This spirit is helped by Wall Street's magnificent resistance to recent bank troubles.

The feeling is general that next year will be better, but that the country is facing a shakedown to new levels of wages, a lower standard of living, harder work, and less luxury. The world now is paying, with interest, its postponed bill for 4 years of destructive and wasteful war.

Nesmith

NOT HARLEM—ALGIERS

The Chrysler agency in the French North African city might be in New York—or Paris. Last year 217,844 American automobiles were sold in Algeria and Tunisia

France Expects Less Business in 1931

PARIS (*By Cable*)—Business is experiencing the poorest Christmas season and facing the darkest new year prospects since the stabilization of the franc. Though French depression is still far from the depths to which business in other European countries has fallen, 1931 is expected to prove a year of deflation in a degree which in most other countries has already largely been completed. Several industries are now operating at cost. Some—especially automobile factories—are actually operating below cost. The retail trades, except foodstuffs and quick consumables, are indulging in an epidemic of unloading. Wage cuts are being discussed.

Indications of bank insolvencies, occasioned by the recent and still continuing decline of stock market prices (15% since September), may be followed by a new sequence of difficulties growing out of the collapse of the real

estate and building boom. Outstanding new mortgages are estimated to total half a billion dollars.

Gold accumulation continues. That banks are mobilizing all assets is reflected in the recent doubling of rediscounted bills at the Bank of France. Unlike other countries, this Bank is considered in France a last resource for credit due to the local conception of banking prestige. Once the desirability of making exceptionally liquid year-end showings has passed, the return of French funds to foreign markets is probable, since the present accumulation exceeds all domestic requirements, even if there is a more serious internal credit crisis than so far has been experienced.

Present indications are that the movement of gold will be eastward both because the instability of French foreign deposits has detracted from their welcome in western European markets, except when other resources fail, and because a series of negotiations and placements of French capital in Eastern Europe is reaching consummation. The new loans will finance railway construction in Poland, and development of the glass industry in Jugoslavia, in addition to the recent agricultural acceptance financing which was extended to Roumania by the Paris acceptance bank formed a year ago. There are prospects of further mortgage and government loans. Exports of French capital, if they reach amounts greater than now anticipated, plus the increasingly unfavorable trade balance, will tend to reduce, if not eventually reverse, the gold flow, will relieve internal capital congestion, and will hasten necessary monetary and price deflation.

German Business Quiet; Christmas Trade Small

BERLIN (*By Cable*)—Business continues quiet, evidently due to speculation on what the new year will bring. The government has decided to postpone further administrative action on the price reduction program in order not to disturb the Christmas trade. This laudable motive will actually give little relief to business since Christmas buying is at a minimum. It is generally believed that in most respects bottom levels have been reached.

Meanwhile, manufacturers are extending the inventory and repair close-downs beyond the usual time limits. Banks are making preparations to show maximum liquidity on year-end balance sheets. This is resulting in higher time-loan rates but in a plethora of call money. The uninterrupted downward movement on the Stock Exchange reflects general apprehension that lower dividend declarations are probable in the spring; it shows that investment confidence is lacking.

Annual reports from chambers of commerce, which usually summarize conditions for the past year and try to forecast for the future, are foreshadowed by the report of the Berlin Chamber. While stressing the severity of the depression, which has been aggravated in Germany by the political crisis, the report points out that dealers' stocks have reached lowest possible levels. Therefore, even slight resumption of buying is bound to result in better orders and increased production.

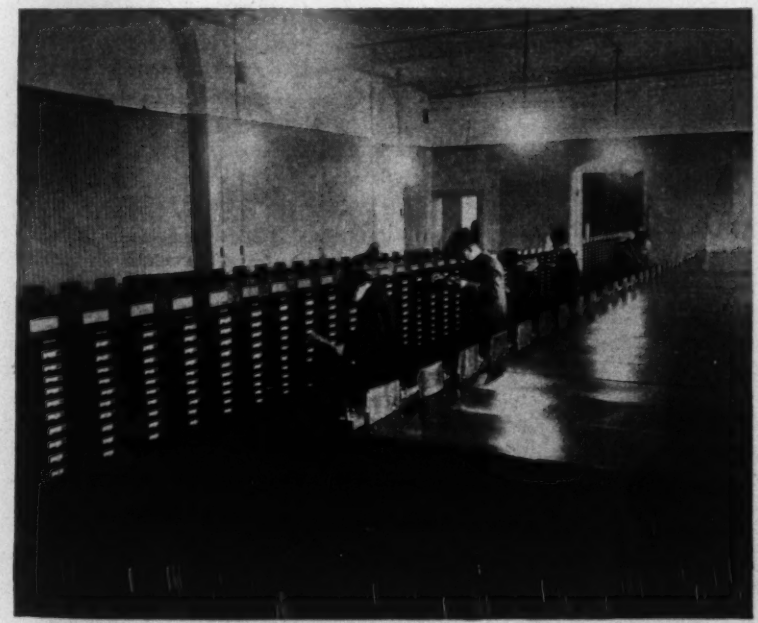
The week's interest has focussed on steel and sugar. Publication of the report for the steel industry by the Government Industrial Commission has raised a strong protest from steel interests against the commission's allegation that the German steel industry is suffering from heavy over-capacity due to over-expansion and exaggerated investments in past years, thus forcing domestic consumers to pay a heavy "iron tax" to enable the steel industry to dump their products on foreign markets.

Sugar Still Unsettled

German beet sugar producers declare it is impossible to adhere to Chadbourne's scheme for world curtailment of sugar production, proposed at Brussels, because his plan allots to Germany as an annual export quota only 200,000 tons. This year's abnormal conditions of increased area, combined with a bumper crop, leave Germany with an exportable surplus of 800,000 tons, of which 250,000 are already under sales contracts. The minimum quota acceptable to Germany is 450,000 tons for the first year, and 350,000 tons in subsequent years.

The president of the Association of Sugar Manufacturers and head of the German delegations to Brussels, Doctor Rabethge, states that Germany is less interested in the agreement than the other partners since she exports a proportionately smaller part of total production than the cane sugar countries. Also, owing to artificial regulations, the domestic German sugar price is entirely independent of world markets. Despite this tactical declaration, adoption of a scheme for curtailment of domestic sugar production is to be carried out, independently of the outcome of the Brussels conference. This indicates the seriousness of the present sugar situation for Germany.

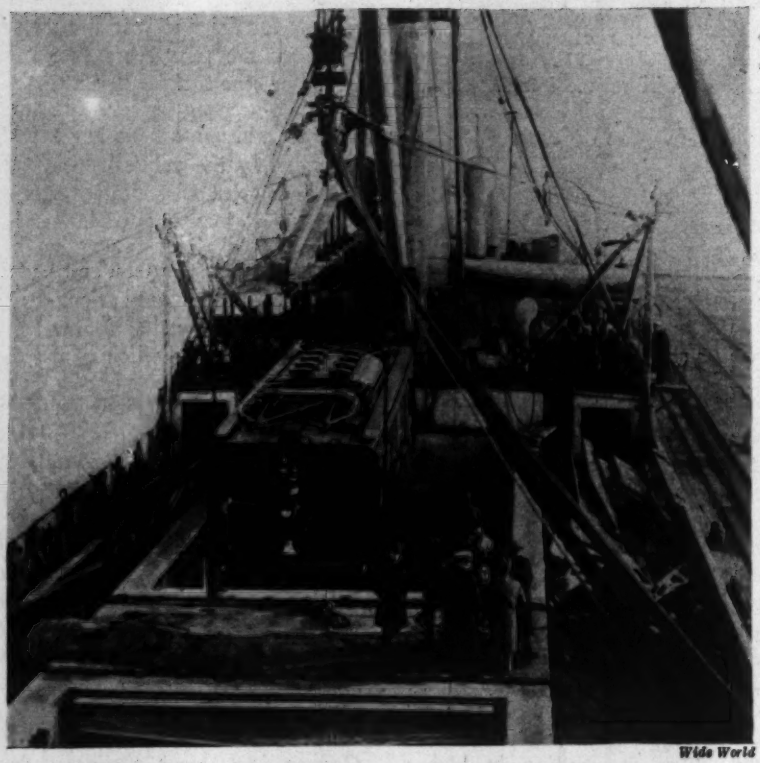
The new locomotive merger of Borsig and AEG is now complete, AEG taking 60%, Borsig 40%, of the stock in the new company. The last agreement of the Federal Railways Locomo-



European News Bureau

BERLIN'S BANKRUPTCY ROOM

The files of the District Court list 500,000 "bad debtors" who have sworn to their assets. Unlike the American system, these files are open to the public for consultation



Wide World

LOADING BALDWIN-WESTINGHOUSE LOCOMOTIVES FOR CHILE

Ordered by telephone from Santiago, 4 electric locomotives are shipped to the Chilean Government Railways to supplement the 460 (including 39 electric) which have been supplied since 1874. Chile has 144 miles of electrified railways

tive Builders contains an interesting clause forcing the latter to form an export cartel within three months. The demand of the railways apparently is motivated by the desire to eliminate losses caused by low priced foreign orders which builders try to recover by increased domestic orders.

Business rightly questions whether the national export cartel will improve prices since they are determined by international competition. The experience of German railroad car manufacturers with the international cartel is no encouraging example for locomotive manufacturers. The car makers complain that the lack of elasticity of prices and sales methods resulted in outsiders securing orders which under a regime of free competition would normally have gone to Germany. Thus, a recent order for 150 tank cars was secured by French manufacturers, and the same is expected on a forthcoming Rumanian order for 300 tank cars.

The City of Berlin has closed its $12 million credit, half with domestic banks headed by the Prussian State Bank and the D D Bank, and half with foreign banks. Details of the latter part of the transaction are as yet unknown but apparently Berlin pledges shares of its municipally-owned utility companies to the Swiss financing concern affiliated with Preag (Prussian Electric Power Company). The deal indicates that the Prussian states are trying to play on the financial difficulties of the German capital in order to obtain partial control of municipal electric supplies.

Latin America Shows Reviving Interest

THERE are signs of revived interest if not revived prosperity in Latin countries. Prospects for business in 1931 in several countries are less gloomy.

Argentina's program is most extensive. Of greatest interest to American business, particularly the automobile industry, is the road program (*The Business Week*, Dec. 24). Definite plans were announced this week, call for bids on 900 miles of hard-surfaced toll roads to supplement the 300 miles already opened. With automobile registration already surpassing 400,000, financing companies should feel their returns practically guaranteed. The roads included in the first project will open up 2 important regions—Bahia Blanca, an Atlantic port 400 miles southeast of Buenos Aires, and Cordoba in the agricultural northwest. Total cost will approximate $40½ millions. More than 25,000 men will be employed.

Argentina's £5-million loan from London was renewed this week at 5¼%. Half of the loan will mature June 30, 1931, and the remainder Dec. 31, 1931.

Cuba has opened the great $100-million central highway which, by adding a 700-mile thoroughfare from Havana to Santiago, makes automobile traffic possible from any point in the United States to any point in Cuba.

Await Sugar Decision

Sugar interests are awaiting the decision from German beet sugar producers. Cuba's restriction plan will be carried through at any cost but German cooperation will make the plan more effective by putting it on a world basis.

Most striking news from Brazil is the report that alcohol, which has been made successfully from sugar for some time, is now going to be mixed with gasoline for motor fuel. The government proposes to issue a decree forcing admixture of 10% native alcohol in motor fuel. This would decrease by nearly 8 million gallons the annual imports of gasoline, more than 59% of which comes from the United States. The idea is not new. Germany is forcing the admixture of potato-made alcohol in gasoline (*The Business Week*, Nov. 12).

Coffee Conference Coming

Less striking but of wider economic interest is the announcement that there is to be a national coffee growers' conference in Sao Paulo on Mar. 31. All foreign commercial attachés have been invited, as well as many important foreign banking representatives. Among proposals for distribution of coffee overstocks is a plan to use several million bags for advertising in foreign countries, along with a plan to trade coffee for Russian wheat and Argentine hides.

The provisional government has announced plans to reduce expenditures by 10% or 20%; may create a central bureau through which all official purchases must be made; plans a prohibitive tariff on imported jute to make obligatory the use of bagging made from Brazilian cotton.

Small significance is attached by business to the Guatemala revolution. Though recognition may not come soon to the military government now in control, business is likely to suffer little interruption.

Upturn of Business in 1931 May Be Slow, But Seems Sure

Historical Precedent and Survey of Present Conditions Lead to the Same Conclusion

BUSINESS men who read forecasts at this year end, or any other time, should bear in mind a few things about them. Senator Dwight Morrow was asked during his campaign "When will business turn up?" and replied: "About two months before I have any information on the subject."

The forecasting situation is not quite so bad as that; but every honest analyst of business conditions knows that he does not and cannot know in advance when they will turn in one direction or the other, or how long they will continue in either direction. All that he can know is (*a*) what happened in the past and some of the reasons why, and (*b*) what is happening now, and some of the reasons for it. On the basis of this knowledge he can form, possibly a little earlier than the layman, a judgment as to what is likely to happen in the future; and the greater his knowledge the better his judgment is likely to be.

The Dice Are Loaded

Another thing to remember about forecasts is that in periods of depression the chances are overwhelmingly on the side of any forecast for improvement. The chart on the next page shows the continuous increase of the elements underlying the purchasing power and business activity of this country. There are interruptions in this progress; the rate of growth may be gradually and insensibly tapering off; but obviously the dice are loaded in favor of anyone who believes that, after every interruption, larger business, greater prosperity and better times are ahead. Despite ups and downs, business has been growing at an average rate of 7% per year over the past 50 years.

The interruptions have never been very long or very severe in the past. In the 55 years before 1930 for which we have adequate statistical records there have been seven important dips below the line of continuous growth in the progress of American business—from August, 1876 to September, 1879; from June, 1884 to May, 1886; from July, 1893 to June, 1895; from February, 1896 to December, 1898; from November, 1907 to July, 1909; from October, 1913 to October, 1915; and from October, 1920 to October, 1922. Excluding the first and fourth of these, when serious derangements of our currency were taking place or anticipated, these dips below the line of normal growth lasted for periods averaging closely to 24 months, and amounted on the average to only about 10% during these periods. For the 13 months since December, 1929 business has averaged 10% below normal by *The Business Week's* index.

A Typical Year

Finally, it should be remembered that in any year business is likely to be more active during certain months than in others. The chart on this page shows the typical or usual course of general business activity during the average year. Obviously a forecast of business improvement or recovery in March or October has more chance of being right than one for August or January, and the chances are slightly greater for the fall than for the spring.

With these simple, elementary things in mind, there are two ways of approaching the problem of forecasting the course of business in 1931. One method is to assume that business has been going through a typical or standard cycle, and that it will follow the usual course or pattern of such a cycle. By comparing with the average in past depressions the degree of fluctuation of business from normal, the elapsed time from the date when the business curve passed the normal line going down, and the length of time that business has remained in the trough, at depression levels, it is possible to make an estimate of the probable date when recovery will begin and business return to the line of normal growth.

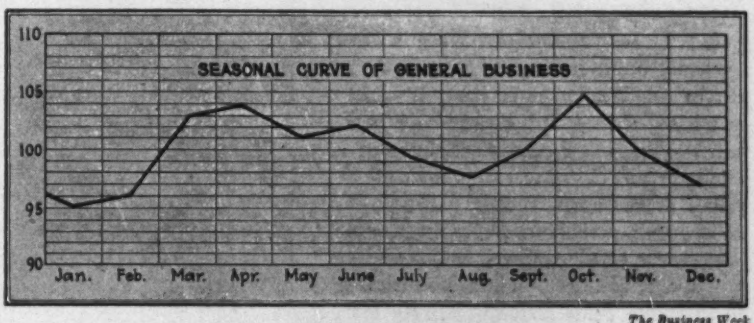
The chief trouble with this approach, in the present instance, is that there is some uncertainty as to whether to count the subnormal period as beginning in December, 1929 or in July, 1930. As was pointed out in the preceding issue of *The Business Week*, the level of general business activity was only very slightly below normal during the first 6 months of 1930, and according to *The Business Week* index, actually touched the line of normal growth for a couple of weeks at the end of June. Probably the safest procedure is to count the first 6 months of 1930 as subnormal, but to make some allowance for the fact that the mildness of the depression during this period may be expected to extend it somewhat—by, say, about 3 months.

Another Way to Forecast

Another method is to forget the cycle patterns and the precedents and look at the facts and factors in the situation as it stands, using your judgment as to how, on their merits, they will affect the trend of business in 1931.

Both these methods lead to the same conclusion.

The end of the trough of the depression and the beginning of recovery will probably come by March, 1931. The trend of business will be slowly, gradually, and irregularly rising thereafter through the year, with some slackening in midsummer, and with a fall peak somewhat higher than the spring peak, but not reaching and remaining



SEASONAL CURVE OF GENERAL BUSINESS

This is the way business activity normally goes from month to month during the average year, according to the seasonal factors used in computing The Business Week's index

above the line of normal growth until March, 1932.

Aside from the fact that this is the way the cycle should go, according to precedent, the main factors in the situation all point in the same direction. These factors are:

Sentiment Is Important

(1) Business men expect business to improve in 1931. This turn of business psychology after the beginning of the year is probably the most important factor that will make for recovery. Management will be definitely set in the direction of more intensive effort to do business, to cut costs and recover markets. There will be relapses into slackness due to disappointment at the speed of recovery, but the forces of defeatism and fatalistic resignation will have spent themselves and business thinking will be pointed upward in 1931.

(2) There will be an extraordinary abundance of funds available for aggressive and intelligent business management to invest profitably in improvements in production and distribution and the development of new products, all of which will enable them to reduce costs, meet lower price levels, and expand markets. The return of currency from circulation in the early part of the year, further imports of gold, continued liquidation of stock loans, increasing and unusual liquidity of the banking position, probably aided by gradual enlargement of security holdings of the Federal Reserve banks, all will work to maintain very low money rates through most of the year and create a steady and possibly rapid improvement in the bond market throughout 1931. This improvement should be reflected in rising prices of lower grade bonds. It will be forecast by an increase in the investments of member banks of the Reserve system, and it will in turn forecast rising stock prices.

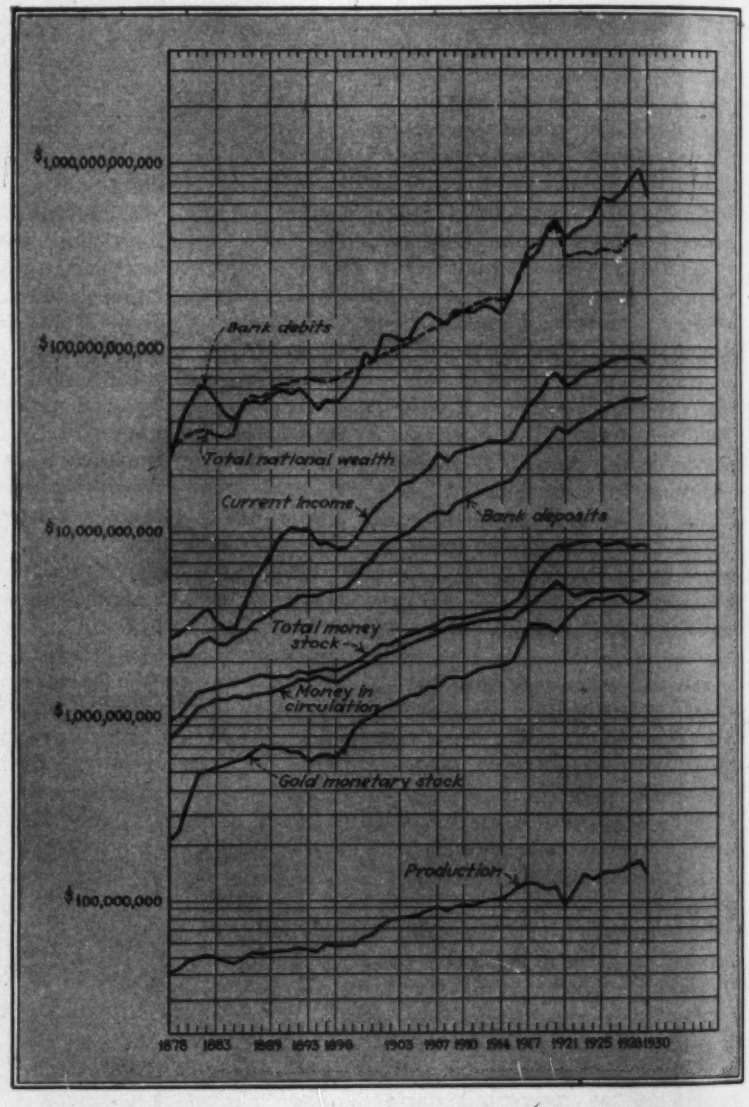
New Replacement Demand

(3) Depletion and obsolescence of consumer inventories of goods will begin to create a larger replacement demand by the second quarter of the year. This will be enlarged by low retail prices or increased purchasing values of consumers' goods. This influence will probably be felt first and most by the textile, apparel, automobile, tire, and residential building industries. In all these fields activity is likely to be somewhat though not very much higher than in 1930. Wholesale commodity prices will probably strengthen slightly during the year, but will tend to remain at considerably lower levels than the average of the past five years.

(4) Consumer purchasing power is likely to be a little higher during the first half of 1931 than in the last half of 1930, not only because of lower prices, but also by reason of enlarged public expenditures, distribution of social relief funds, completion of payments on past instalment contracts, general liquidation of debts, and gradually increasing employment. Slow resumption of foreign loans as the bond market improves will also tend to increase foreign purchasing power for American goods, but foreign trade will remain poor. Wage rates will probably be somewhat lower than in 1930, but total payrolls will be larger.

All these fundamental and favorable factors may be expected to operate in some measure toward domestic business improvement regardless of special developments here or abroad. Recovery would be hastened by large scale action by the Federal Reserve banks in support of the bond market, and by some decisive action toward international cooperation of the central banks in bringing about a better distribution and more efficient use of gold reserves and restoring confidence in long-term domestic and foreign investments. A definite move toward readjustment of intergovernmental war debts and reparations might be disturbing at first, but would very soon become a bullish factor in the international financial and trade picture.

More definite and rapid progress toward solution of the railroad consoli-



ON THE UP-AND-UP

This shows the continuous upward trend of the factors underlying purchasing power and business in the United States over the past half century —from figures by R. R. Doane

dation problem would be a stimulating influence on general business at home, as would any concerted action toward economic disarmament in tariff policies and establishment of more normal trade relations with Russia abroad.

Restoration of more stable political conditions in Germany, England, Italy and Latin America, and the gradual withdrawal of the Farm Board from the commodity markets would be helpful influences toward recovery.

But whether or not these things happen to hasten recovery, there is every reason to believe that the processes of readjustment in domestic business which have been going on during the past year will continue to operate so as to make possible a permanent return to normal conditions after another twelve months have elapsed.

Hoover Committee to Study Recent Economic Storm

WORK which President Hoover started when Secretary of Commerce 10 years ago is coming to a head. The Committee on Recent Economic Changes, which grew out of President Harding's conference on unemployment, will publish toward the latter part of 1931 its report on ways and means of economic storm prevention.

During the 9 years past these economic observers have watched a complete cycle roll around. They can now begin the job of relating information, digesting, and interpreting it.

Secretary Lamont said:

"This group of economists, educators, bankers, railroad and business men, leaders of labor and of agriculture, is undertaking from the great mass of accumulated statistical and other information to discover, first, how recent economic forces have operated and, second, which of the forces are the ones which disturb the economic balance. They are exploring, step by step, the factors by which future depressions may be avoided or at least their severity reduced."

As Arch W. Shaw, chairman of the committee, sees it, the job of analysis to be done in the next few months has 4 parts:

1. Compiling and setting down the entire statistical picture. 2. Analyzing all this data to determine what economic forces have been at work. 3. Determining which of these forces have been the disturbing ones. 4. Determining which of the disturbing forces contain elements of predictability.

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"A magazine of this kind, covering so completely yet concisely the many subjects bearing on the business situation, enables readers to keep thoroughly posted in the minimum of time, and seems almost indispensable."

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"The phrasing of your articles, while of easy, almost conversational style, never borrows the atrocities of those who consider literary abortions as excusable or even necessary to give emphasis or simplicity to common writing."

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"The idea of the 'Business Barometer' on the cover is a knockout, and I expect that this is one of the magnets which is attracting the attention of so many business executives."

» » »

Generous has been the recognition and eloquent the praise of what *The Business Week* has done during the year 1930. Its publishers pledge themselves to even greater efforts for 1931.

THE BUSINESS WEEK

THE NEWS BEHIND THE NEWS

"SOVIET SELLS SHORT"..."Reds Undermine U. S. Business"..."Russian Wheat Sales Held Threat"... shouted the daily press. Interesting, sensational newspaper heads on an otherwise newsless Monday morning last Fall. But how sound were they? How true and interpretative? To you and your fellow leaders of business, the facts behind such headlines were vitally important.

HOW The Business Week handled the Soviet Wheat story is typical of the difference between this publication and any other source of business news you may have . . . a difference which may have escaped your notice. Look behind the scenes for a moment while we reconstruct the story.

IN THE FIRST PLACE The Business Week had uncovered this story long before it became public property. At first glance the material seemed sensational propaganda. But, as readers of this publication, you are not concerned with dramatics. Nor, do our editors ever accept a news item at its face value. They insist on getting the news behind the news.

IN THIS CASE, our European News Editor in Paris had received reports from his agents concerning the concentration of Soviet boats, loaded with wheat. To newspaper reporters this was "shipping news."

To our editor, a former commercial attaché, shipping wheat on a falling market suggested short sales to protect against the shipment in transit.

HIS CABLE TO NEW YORK was checked up and verified by our Washington Editor at the Department of Agriculture. Simultaneously, our Chicago Editor dug out the facts at the Wheat Pit. This story, checked from three different angles, was interpreted by a man whose entire life has been spent in analyzing trade and commodity markets. Instead of a dire threat to the national welfare, he saw this short selling as a simple "hedging" operation of minor importance.

THREE WEEKS AFTER, these same common-sense conclusions were adopted by the Farm Board, and widely exploited by the newspapers.

YOU DON'T WANT hysteria in this publication. You ask only for the real facts behind business news; and an unbiased interpretation of their probable effect on business. The Business Week, sustained by you who hold the guiding reins of America's industrial and financial future, has held rigidly to this formula.

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Between letters he "invested" $10,000 . . . over the telephone!

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Every day this type of "investing" is done by men who pride themselves on their business acumen. Time after time they coolly risk hard-earned business profits—the future safety and independence of their families—on hearsay information and rumors. And when losses pile up, they wonder why.

Today, more than ever, building an investment plan cannot be left to chance. Dozens of securities—stocks as well as bonds—have an assured future. Others should be avoided—weeded out of your portfolio if you now hold them, regardless of how they appeal to you at the moment.

Determining the true value of securities today . . . gauging the trend of security prices over the years to come . . . knowing how to protect investments against serious losses . . . these are matters for specialists whose whole time is devoted to this task.

Successful investors know this and delegate the job of managing their investments to Moody's. For a most moderate sum, they secure expert investment counsel that helps them to avoid these needless losses and build up ever-increasing yields on their steadily growing capital.

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Aviation Expects Gains; Faces One Danger

AVIATION is likely to see a serious overestimate of the market for "power gliders" or light airplanes in 1931. So say observers in the industry who remember this year's over-confidence in the market for gliders. They find builders of the light type of plane now expecting a demand for 2,000 units, note that industrial surveys indicate a market for not more than 500.

A Market Estimate

Other surveys, completed this week, reveal that the 1931 market for all types of non-military planes will call for 3,400 units as compared with 2,000 this year, 5,500 in 1929 and 3,600 in 1928. Transport lines will use 400, schools and flying services 1,450, non-aeronautical corporations 500, and private owners 1,050. Money value of the 1931 market is placed at $37,800,000, compared with $20 millions this year. Military production for 1931 is set at $26,800,000, against $30,600,000 in 1930.

Aggregate passenger traffic estimated for domestic air lines in 1931 is 152 million passenger-miles, an increase of about 50% over this year's 100 million. There will be a general increase in frequency of schedule and a strong tendency towards smaller planes, ranging in capacity from 4 to 7 paying passengers or the equivalent in mail and express. During the past year, operating costs have averaged from 90¢ to $1.40 per ton-mile. Observers say there is every reason to hope that they will shortly be brought down to 50¢ to 70¢ per ton-mile.

20,000 Student Permits

During 1929 there were issued 20,000 student permits. For 1930 the figure will be 1% or 2% lower. In 1931, say the estimators, there will be about 25,000, with 19,000 getting to the point of taking some form of formal instruction, only 5,000 pursuing regular courses in any serious fashion.

The saturation point for airplanes is rapidly approaching, in the opinion of many aviation leaders who, casting about for a market which might greatly increase the demand for their products, have hit upon the privately-owned and industrially-owned plane as offering the best possibilities.

This field, they urge, must be intensively developed unless the industry is content to remain a relatively small affair.

What the Figures Show

LITTLE change in the general business situation has occurred during the past week. As the Christmas season and inventory periods approach, productive activity slackens, while retail trade handicapped by declining prices and consumer cautiousness makes a last spurt to bring up the year's volume to within striking distance of 1929. Rumors, fears, and bank closures have enhanced the feeling of uncertainty, depressed the stock and commodity markets beyond the point warranted by the situation and comfused the prospects for the early part of next year. *The Business Week* preliminary index of general business activity for the second week of December remains practically unchanged at 76.5% of normal compared with 76.2% the preceding week and 99.7% a year ago.

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*
	*76.5	†76.2	99.7
Production			
Steel Mill Operation (% capacity)	34	37	63
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$9,132	$9,851	$16,878
Bituminous Coal (daily average, 1,000 tons)	*1,463	†1,601	1,968
Petroleum (daily average, 1,000 bbls.)	2,200	2,233	2,634
Total Electric Power (millions K. W. H.)	*1,885	*1,875	1,980
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	124	131	154
Check Payments (outside N. Y. City, millions)	$5,436	$4,460	$6,524
Money in Circulation (daily average, millions)	$4,870	$4,730	$4,966
Wheat Receipts (1,000 bushels)	4,725	3,172	7,010
Cotton Receipts (1,000 bales)	348	362	458
Cattle Receipts (1,000 head)	*157	196	136
Hog Receipts (1,000 head)	*528	†679	688
Wool Receipts (1,000 lb.)	4,711	1,321	5,621
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$0.71	$0.72	$1.18
Cotton (middling, New York, lb.)	$0.097	$0.100	$0.171
Iron and Steel (composite, ton)	$31.66	$31.68	$35.89
Copper (electrolytic, lb.)	0.099	$0.100	$0.178
All Commodities (Fisher's Index, 1926-100)	79.4	79.8	92.8
Finance			
Total Loans and Discounts, Federal Reserve reporting member banks (millions)	$16,258	$16,426	$17,356
Commercial Loans, Federal Reserve reporting member banks (millions)	$8,517	$8,656	$9,458
Brokers' Loans, New York Federal Reserve member banks (millions)		$2,008	$3,328
Federal Reserve System Ratio		75.8	67.6
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	19,191	14,188	18,008
Stock Prices (N. Y. Times, average 50 stocks)	$144.12	$148.06	$202.69
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$65,746	$59,032	$59,155
Bond Prices (Dow, Jones, average 40 bonds)	$93.32	$93.65	$93.89
Interest Rates—Call Loans (daily average)	2.3%	2.0%	4.5%
Interest Rates—Time Loans (daily average)	2½-2¾%	2-2½%	4½-5%
Business Failures (Dun, number)	604	562	498

*Preliminary †Revised

Steel Industry

Both Dow, Jones and the *Iron Age* note a further slight recession in the rate of activity of the steel ingot industry during the third week of December, with a further reduction practically certain during the holiday week and for inventory. Our adjusted index of ingot production based on the Dow, Jones estimate stands at 50.2% of normal compared with 53.5% the preceding week, but the year-end curtailment is expected and has been discounted by the trade. The increase in steel specifications for shipment in January adds strength to the belief that the usual sharp revival of activity in the early part of the year will not fail to materialize in 1931. In fact, the dullness that prevails in practically every line of steel consumption leaves little room for anything but improvement. The sharp curtailment in the automotive centers during the past few months cannot long continue if new models are to be ready for the spring trade. Estimates of December's output have varied from a low of 100,000 cars to an optimistic total of 200,000. The delay in the placement of rail contracts may result in swelling the 1931 track laying program beyond that of 1930. There is a considerable volume of held-over and unspecified tonnage of rails. Tinplate output has risen to 55% of capacity. Pipeline activity is anticipated early in 1931. Farm equipment manufacture, which has been operating at a very low rate, should resume with an improved schedule at a fairly early date. Fabricated structural steel has been a major prop of the steel industry this year, though demand has slackened since September. Awards last week totaled 37,500 tons, an increase of 8,000 tons over the preceding week, while new projects requiring 41,000 tons were reported.

Building Contracts

The volume of building contracts during the third week of December was sufficient to improve the daily average comparison with November. Our adjusted index based on the past four weeks declined from 60.7% of normal to 57.9% due chiefly to the dropping of the particularly large index of 5 weeks ago. The first 17 business days of December brought $161,020,100 on contracts having a daily average 14% below that of November and 25% below that of December, 1929. The daily average of contracts in November were over 29% below those of November, 1929. Residential contracts, forming 34% of December's volume to date, are 9% below the daily average of the preceding month. In the metropolitan New York area, the daily average of all contracts let is running 5% above that of November, with residential awards practically 50% of the total.

The peak of bituminous coal pro-

duction has probably been reached for the last quarter of 1930, for the trend has been downward since the end of October. The output of the week of Dec. 13 declined 8.6% from the preceding week. Our index, adjusted for season and annual growth, also turned downward from 73.5% of normal to 68%. Anthracite production showed a 28% drop from the preceding week. Production for the period January to November, 1930, however, is estimated to be only 6.8% behind the corresponding period of 1929.

Electric power production has turned upward for the week. Our preliminary adjusted index stands at 93.1% of normal compared with 92.6% the preceding week.

Car Loadings

Car loadings declined as anticipated for the week of Dec. 13, total loadings dropping over 5% while the miscellaneous and merchandise less-than-carlot classifications dropped little more than 2%. Our adjusted index based on the latter two groups remains practically unchanged at 76.5% of normal compared with 76.7% the preceding week. The peak of car loadings occurred during the first week of October. Since then, the usual seasonal downward trend has been evident with a bottom to be reached in the succeeding two weeks.

Check payments show substantial increases over the preceding week, accounted for largely by government quarterly financing on Dec. 15. New York City, which feels the brunt of such temporary adjustments, showed a 32% increase in the volume of checks debited, while the 140 cities outside of New York showed a 22% increase. The 131 cities exclusive of 10 large financial centers showed but an 18% increase. Midmonthly wage payments and settlement of trade accounts probably influenced the volume of checks also. When debits of the 140 cities are adjusted for price change, seasonal, year to year growth, and averaged with the index of the preceding week, the index rises from 80.5% of normal to 84%.

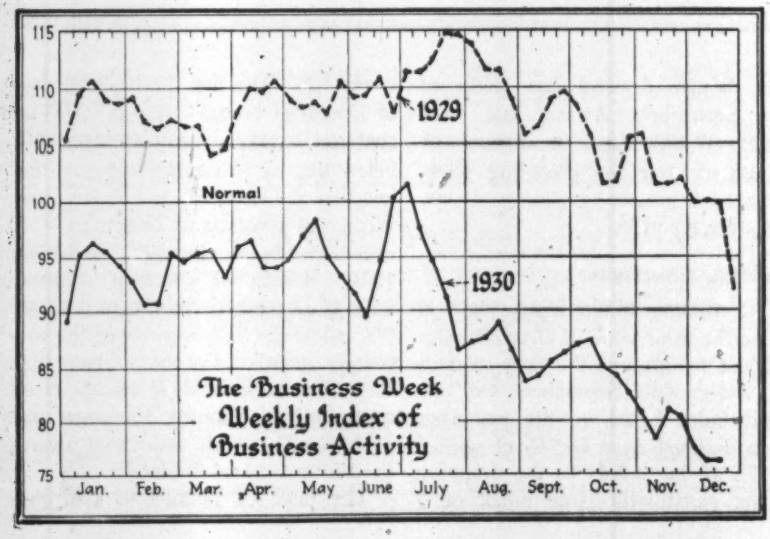
The rise in the volume of money in circulation, though a normal occurrence during the last half of the year, appears to have been more rapid in the past few weeks than reports from trade circles would suggest as explanatory. It is probable that some part of the monetary stock outside the Treasury and the Federal Reserve Banks is being hoarded as a result of the numerous bank closures. The normal trend of this series from July to December shows an increase of about $370 millions, but until the middle of November, the outstanding money in circulation was practically the same as in July. Since mid-November, however, an expansion of over $350 millions has occurred. Our index of this series which adjusts for price changes, seasonal, and trend, but not for abnormal fluctuations in the raw data, increased abruptly from 103.6% of normal to 106.7%.

Commodity Prices

Commodity markets showed renewed weakness during the week, with the possible exception of copper. The government crop report of world wheat production, showing a crop of nearly 5 billion bushels, the bumper crops of Argentina and Australia and the bearish interpretation of the small acreage reduction program made further support of the market by the Grain Stabilization Corp. necessary to prevent sharp price reductions. American wheat now sells about 25 cents above the markets at Liverpool and Winnipeg where exceptionally new low marks were reached. Cotton also fluctuated in new low ground for the year with little export and mill demand. Ginnings to Dec. 13 run behind a year ago and only slightly above 1928. The copper market shows signs of renewed effort to attain more favorable prices. Copper buying for export at the 10¢ level absorbed the holdings of custom smelters. A quarter cent rise followed. A fair volume of domestic business was also stimulated. Large producers continue to refrain from the market, hoping that when the volume of business becomes too great for the custom smelters that they may step forward with a higher price schedule.

The seasonal contraction of bank credit plus the effort of banking institutions to maintain the most liquid position possible during this rumor period has further reduced the volume outstanding, though a margin over 1929 continues. Only investments in government securities showed an increase to partially offset the decreases in loans on securities, commercial loans and other security investments. The adjusted index of commercial loans declined from 106.3% of normal to 105.3%.

Commercial failures again shot upward to a new fall peak with increases in the East and Pacific Coast sections offsetting minor decreases in the South and West.



The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures —steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation see *The Business Week*, May 7, 1930, p. 39.

Money and the Market

THE financial community erected a community Christmas tree in front of the Stock Exchange and the House of Morgan this week and several gifts were contributed, the chief one coming down Nassau Street from the Federal Reserve Bank. But the gifts were not all pleasant ones.

The stock market itself contributed a rather sharp, but not unexpected, secondary reaction from the bulge of last week. Then trading fell off as thoughts turned more to the holidays, and tax selling was reported smaller.

While the average of stock prices remains above the low point reached last week, observers are not yet sure that the testing process has been completed and many advisers are keeping their clients along the sidelines. Uncertainty still prevails though there is a growing expectation of a spring rally.

New York Discounts at 2%

Chief developments of the week came in the field of banking and credit, and the full significance of these remains to be ascertained. Outstanding was an unexpected reduction in the discount rate of the New York Federal Reserve Bank to 2%, the lowest in history, from 2½%. This action may bring reductions in the rates charged by other banks, 10 of which now charge 3½%, with Boston at 3%.

The acceptance market responded immediately, though not unanimously, with reductions of ⅛% to 1¾@1⅞% for the shorter maturities. Two of the Reserve Banks, Boston and New York, cut their bill buying rate to 1¾% and others will follow if precedent holds.

While the new Federal Reserve move is important, the vital question to both the financial and the business community is whether it will be followed aggressively by open market operations. The lower rate in itself little more than re-emphasizes Federal Reserve willingness to meet any member bank borrowing needs at a small charge. With this borrowing now at an unusually low level and certain to decline in the seasonal post-holiday liquidation, the rate can have little actual effect. And quoted prime open market rates have been unusually low for too long a time to expect much optimism to come from a little further slight reduction.

The suggestion of open market operations admittedly is one of inflation. It arises because of the unusual conservatism forced on the banks by the stress of the times, a conservatism which has caused shortage of credit in many lines and has brought bond prices to a very low level. The Reserve system alone has power and resources to counteract this situation, the avenue being through open market purchase of government securities and acceptances to place more funds in the market.

And so many are asking whether the Reserve's latest move is preliminary to discarding its deceptive theory of low rates and looking to actual needs for credit. The next few weeks, during which seasonal return flow of currency from circulation and liquidation of bank credit will occur, will supply the answer.

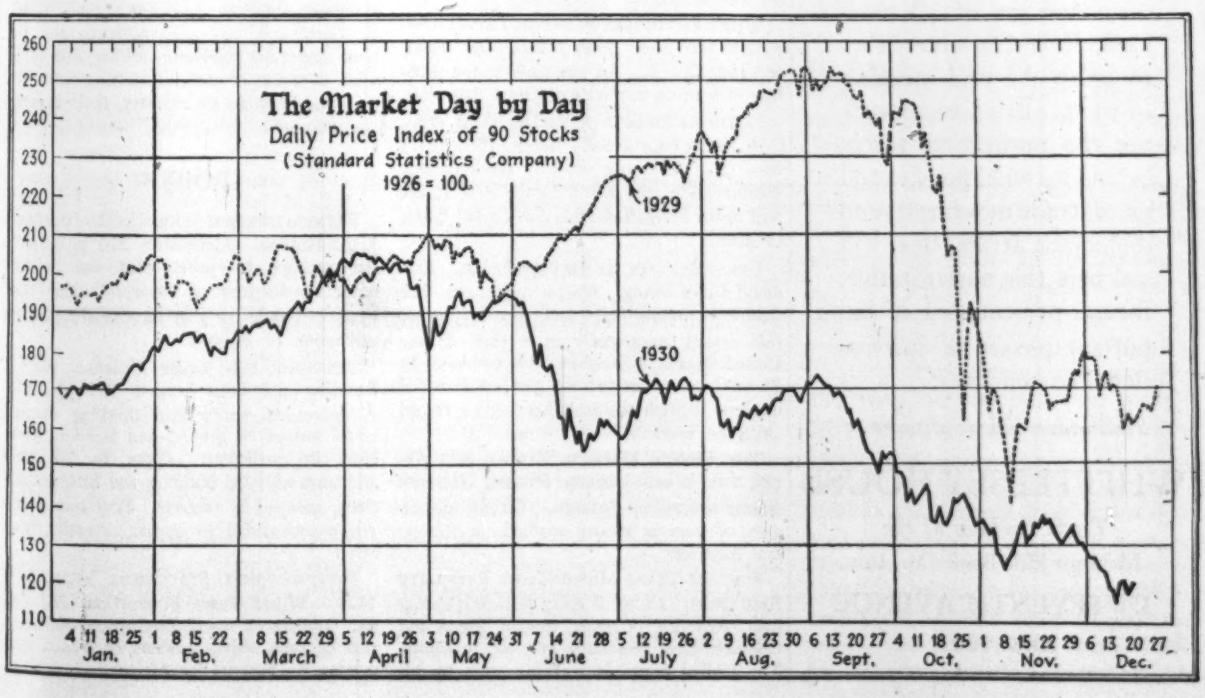
Bank failures continued at an alarming rate this week, though there was nothing essentially new in the situation. Philadelphia, lower New England, and Florida were hit, and many other regions continued to suffer.

Bond Market Up and Down

The bond market recovered for several days then turned weak again. The recovery represented a realization of some of the outstanding bargains, and a little let-up in bank liquidation. But the bond market must, as much as or even more than any other market, depend upon the Reserve system, and Reserve officials cannot help seeing in that market a specific need for action.

Member bank credit continued to decline, principally due to the seasonal drop in commercial loans. The decrease in deposits considerably exceeded that in loans. Government deposits were up sharply as a result of funds obtained in Dec. 15 financing, and borrowing from the Reserve rose seasonally up to Dec. 24, then began to decline, also seasonally.

Bank loans direct to customers increased both in New York City and in the remainder of the country.



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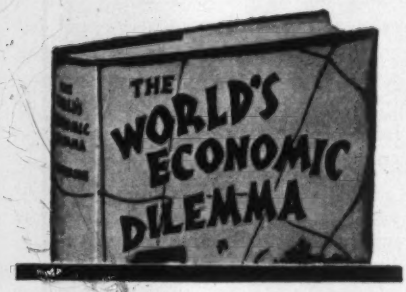

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THE NEED FOR AN ADEQUATE SURVEY OF DOMESTIC BUILDING REQUIREMENTS. Raymond T. Cragin. *Harvard Business Review*, January. Present conditions in residential construction, trends in certain cities, program for a proposed survey.

UPON WHAT SHALL WE BASE OUR 1931 SALES QUOTA? G. A. Nichols. *Printers' Ink*, Dec. 18. Now is the time for a new pattern, based on market analysis. Be prepared for revival by March.

CAUSES OF WORLD DEPRESSION. John Maynard Keynes. *Forum*, January. There can be no real recovery until the ideas of lenders and the ideas of productive borrowers are brought together again—partly by lenders becoming ready to lend on easier terms and over a wider geographical field, partly by borrowers recovering their good spirits and so becoming readier to borrow.

ARCHITECTURE AS A PROFESSION IS ALL WRONG. Frank Lloyd Wright. *American Architect*, December. An indictment by a radical—but one who is widely recognized and appreciated at home and abroad.

PORTABLE TOOLS PUT POWER ON THE SPOT. Fay Leone Faurote. *Factory and Industrial Management*, December. For the production executive who is looking for ways of tooling up during slack times.

IS EXPORT SELLING AN UNGRATEFUL OCCUPATION? By an unemployed export executive. *Export Advertiser*, December. Vitriolic indictment against export managers who fail to understand the problems of the representative in the foreign market. Thought-provoking, though biased.

FASCISM BANKRUPT. Mauritz A. Hallgren. *Nation*, Dec. 17. Unemployment in Italy is increasing at a dangerous rate; wages are being forced down to the starvation point; business men and industrialists are engaging in sabotage against the efforts of the dictatorship to subordinate them to the success of the Fascist system.

WHAT EMPLOYERS WANT IN LETTERS APPLYING FOR JOBS. John J. McCarthy. *Printers' Ink*, Dec. 8. An approach to the problem of writing application letters that click.

NATIONALISM AND IMPERIALISM IN ASIA. C. A. Pao. *China Weekly Review* (Shanghai) Nov. 22. It is not unlikely the economic domination of the world in the near future will again be shifted from the United States to Asia.

GREAT BRITAIN IN SECOND PLACE. Raymond Gram Swing. *Harper's*, January. The British have lost first place—the only place that counts emotionally in a race—to the United States. Pessimism rules London. In its reliance on democracy and on financial integrity, British character has made a record since the War.

THE MONEY MARKETS BEFORE AND AFTER THE WAR. Hjalmar Schacht. *Harvard Business Review*, January. Careful discussion of various money markets in Europe and America.

FOREIGN TRADE MISSIONS AND EXTRALITY ABOLITION. *China Weekly Review* (Shanghai), Nov. 22. Canada, Britain, Japan and Germany have sent trade missions to China. The United States is studying ways of adjusting the silver problem—basis of China's buying power. The Chinese, in turn, have a bargain to drive.

THE GOLD PROBLEM. Edwin F. Gay. *Foreign Affairs*, January. Prices tend to vary directly with the quantity of money in circulation. Declining prices give poignancy to a discussion of the gold problem.

YOUNG MEN ABOUT TOWN: 1931. Juanita Tanner. *Scribner's* January. Evolution of the male in the 20th century business world. Changing characteristics and types and how they are influenced by women in business.

MY FRIENDS THE WRITERS. Edward Weeks. *Atlantic*, January. Advice to the 200,000 "writers" in the country; and to the 2,000,000 would-be writers a decalogue of "don't's".

REPORTS—SURVEYS

INDUSTRIAL SURVEYS—AN OUTLINE FOR COMMMUNITIES AND MANUFACTURERS. George C. Smith. Industrial Club of St. Louis. Praiseworthy attempt to provide a plan whereby communities and industries can attack their common problems of plant location with more scientific research and less prejudice.

THE AUTOMOTIVE MARKET IN BRAZIL. U. S. Department of Commerce, 129 pp., 25 cents. Brazil ranks third in truck, fifth in automobile imports, buys 97% of total in the U. S. Report on extent of highways, registrations of motor vehicles, chief distribution methods and centers, financing practices, local regulations and taxes.

"THE FEDERAL RESERVE SYSTEM" REPORT OF THE NATIONAL CHAMBER OF COMMERCE BANKING AND CURRENCY COMMITTEE. Chamber of Commerce, Washington, 67 pp. "Auxiliary Statements" to the above report, 159 pp. Most thorough recent study of the system's policies. Discussion of many proposed changes, on which a national referendum was taken.

INDUSTRIAL AND COMMERCIAL GERMANY. Hamburg-American Line, 187 pp. Survey of Germany's economic position and the most important problems arising out of it, with a series of articles dealing with the principal branches of industry, their capacity and output.

BOOKS

RATIONALIZATION AND UNEMPLOYMENT. J. A. Hobson. Macmillan, 126 pp., $1.75. An attempt to prove that the world's economic dilemma of "overproduction" can be solved only by a better distribution and utilization of income.

BUILDING AND LOAN ANNALS. U. S. Building and Loan League, 751 pp., $10. A depression year's hard thinking on real estate finance in general and building problems in particular. Close to 70 main addresses of 1930 building and loan conventions, grouped by subjects. First such publication; scheduled to appear annually hereafter.

INTERNATIONAL STATISTICAL YEAR-BOOK, 1929. World Peace Foundation, 262 pp., $3. Indices of world production, consumption of coal, index numbers of wages, conversion co-efficients for currencies.

The Dublin Letters

To James W. Dublin's Sister Martha, Replying to Her Urgent Letter

The "Hawk's Nest"
New Hampshire
October, 1928

Dearest Marty:

I have your desperate and frantic epistle and everything you say in it is true. Yes, ma'am, Derby has resigned. I don't know why. He refrains from stating—not only bad business manners, but a defection of family loyalty as well.

The thing is a bit brassy to me. It is on par with picking the teeth under a napkin cascaded from the lower features. No one is deceived. On the contrary, such obvious concealment only attracts attention to the fact that something illicit is being pulled under cover.

Which reminds me that I have had 3 bad nights with one of my hind molars. A painful little tulip, it seems, has blossomed on the root. There is a morose and fevered looking lump on the side of my face which gives me a sullen expression and beautifully symbolizes my mood. There are strange harmonies in nature.

How are *you?* I hope you won't let this 5-cent crisis of Derb's upset you.

Take comfort in the belief that your boy will get another job. Derb has personality. Americans are the greatest personality worshippers on earth—and all Derb will have to do is to spread the fly paper around to get an offer.

Don't be surprised and nervous if Derb shouldn't land anything for a couple of months. There's a lot of good golf in October. Later he may go South as a guest of some of his numerous friends who spend their lives trying to distribute their surplus.

I shall, of course, accept the young man's resignation. This may sound crabby to you. But I cannot run a business from the mother-view.

It is one thing to give birth to a male child and another to hire him on a bet you'll get your money back. I've tried to be a realist about Derb. Such ideals as I have borne in his behalf were put together with the old nails pulled out of the box boards of practical experience. Derb has been helped and not harmed by removing the glucose of sentimentality from his diet.

Jen is going to New York tomorrow for a few days' shopping. She will probably talk to Derb and maybe her slick female technique will ferret out the nutty and mysterious idea that is hidden away under Derb's mental eaves.

Until Jen has rummaged Derb's haunted house and brought back a report don't let the matter put a permanent wave in your feelings. At Derb's age he can make a lot of mistakes and still wind up as President—if not of the United States at least of a clothes-pin company or 10,000 chain stores, or maybe it will be an aircraft outfit bigger than General Motors.

Much love,

JIM.

Telegrams—James W. Dublin to His Sister Martha

DON'T LOAN D. THE MONEY HE ASKS FOR. JIM.

ANSWER TO YOUR LATEST WIRE SAME AS YESTERDAY. DON'T GIVE D. ANY DOUGH. JIM.

To George Clark, General Manager of the Dublin Advertising Agency, on the Resignation of Derby Thomas

The "Hawk's Nest"
New Hampshire
October, 1928

Dear George:

I am writing you from the "Hawk's Nest" porch. The sun is warm and the air keen, cold and still. I have a permit —good for 30 minutes—entitling me to use a half-portion kitchen chair and a folding bridge table.

Everything else is in motion. We are moving to the new Hoskined pure colonial Dublin homestead. It is a lovely habitation. Photo goes to you under separate cover.

We are being moved by a man of firmamental character. His name is Fred Farmer. He has heart-trouble and has lugged around a death sentence for 25 years.

Yet I am told that he can do the hardest and longest day's work of any man in the White Mountains. He is all gristle and has more executive ability than two-thirds of the big desk drapers we read about in the success write-ups. Farmer owns 2 drug stores, 3 filling stations, a garage, with auto-renting sideline and trucking. Also an undertaking parlor.

He told me that ten years ago he figured no citizen could make a good living in Hepzibah with just one business. Whatever it was, there wouldn't be enough of it.

I understand he chiselled 3,000 bucks out of his wife's folks to carry on his expansion program. His wife's folks were very sore at being burgled this way and now won't speak to him at all. It seems when they handed over the reluctant 3,000 horny-handed smackers they told him he was a damn fool and would ruin 'em. He paid 'em back in 2 years and this is why they won't speak to him at all now.

Farmer has just arrived in his unbathed Buick to give his crew the Yankee squint and do some bossin'; 15 minutes will probably be enough for him. Then he'll have to skoot back to the undertaking parlor to give some old inhabitant of Hepzibah the finals.

The sense of this man's bravery sweeps over me. He is a very brave thing. Unconsciously he defys the ultimate. He has no yesterdays or tomorrows. He is too busy to be a coward, too occupied with the momentous issues of 10:30 A.M. Oct. 30, 1928 to give a hoot about his heart, soul, body, and the dooms of the coming hour.

Farmer has just drifted an idea across my carnivorous brain and I snap at it like a trout. I think the thing to do for Derby Thomas is to involve him in a wind-storm of *physical* activity. I know that I have accepted his resignation—but it hasn't gone into effect yet. Can you invent a lot of business gymnastics for Derb? Errands that will send him riding up and down the Subway fetching and carrying a bundle of stints marked "Rush."

How about some research? Haven't we any questions to ask grocers or manicure salon proprietors? Aunt Matty's Perfect Pickles, for instance. How does the American public stand on the pickle question? Please load Derb up. Discover an emergency if possible that will need some night work. Send him to Tennessee if necessary to find out what Tennessee people are worrying about. Or what have you? Dust off your ingenuity and give it full swing. Regards—

JIM.

THE BUSINESS WEEK

The Journal of Business News and Interpretation

December 31, 1930

Gifts Brought By Wise Men

THE promise of American prosperity has gone through many cycles of splendor and shadow in the past, greatest and most amazing of all in the ten years that lie behind. In the darkness and doubt of this winter solstice, the wise men know it will return like the sun and be reborn in greater glory. Though others may have little faith, they see its sign shining like the morning star in the grey dawn of the east, and steadfastly they are seeking the place where its rebirth will mark the beginning of the new and more splendid prosperity to come. They do not and cannot say where this will be, or when, for they are following the faith that is in them, and they know that there are many who do not believe in this rebirth and whose fear, indifference, or skepticism would destroy their hope. But through the darkness before dawn they move onward, keeping their faith and their counsel. So has it been through the ages, in darker winter nights than these, and so will it be again.

They are bearing gifts, these wise men, to the new prosperity. These are not merely the golden treasure of this nation's great wealth, waiting to serve the needs of her people. Nor are these gifts merely the frankincense and myrrh of their devotion to the high standards of living in which we have come to believe. All these things will the wise men lay before the prosperity that is reborn. But they will bring to the new decade now opening more than the mere promise of potentially boundless accomplishment which the abundant resources and vast capital accumulation of our country offer, and more than the conviction that the effort to maintain and steadily elevate the standards of living we have achieved is sound and justifiable.

The wise men who come to greet the rebirth of our prosperity cross the threshold of the new decade with a new sense of their responsibility toward it. After traveling through the darkness of depression they come into the dawn with a deeper determination to use those resources more wisely and effectively, to the end that this prosperity may be made more lasting and widespread.

They enter profoundly aware that only by eternally vigilant and untiring application of their intelligence, energy, and initiative to this purpose can they preserve that freedom and authority under which the prosperity of the past has been made possible. They understand, too, that the full realization of the promise of our future prosperity implies closer and more sincere cooperation in preserving that of other countries. They realize that in following their star they are guiding millions of men abroad whose faith in that promise is still unshaken, but who will seek other saviours if it fails them.

These wise men's gifts to the new period of American prosperity are gifts of the mind, treasures of insight and understanding stored up in the travail of the years just gone by. No others are worthy of the ideal to which they are offered, because everything that is great and enduring in human accomplishment was born in the thought of the individual.

So the greater prosperity that is to lift America and the world to a higher level of hope is being prepared in the minds of many men now unknown. Only the wise men know it. And, as in the ageless legend upon which this parable is based, when they have brought their gifts to the new year they will not go back to Herod to tell him about it, but will return to their country by another way, carrying the glad tidings to those who will believe and labor with them for its fulfillment.

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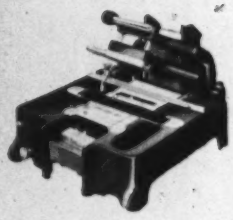

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Electric and automatic Addressographs—print through a ribbon—speeds from 2,000 to 12,000 impressions an hour. Electric machines $295 to $870—automatic machines $595 to $12,750, f. o. b. Factory.

Class 5200 Dupligraph produces 500 personalized letters an hour with name and address, salutation, body of letter and date. Prices $300 to $350. Other duplicating machines $57.50 to $2,025, f. o. b. Factory.

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